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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR RIGHTS SHARE FOR EVERY ONE SHARE
HELD ON THE RECORD DATE
AND
CHANGE IN BOARD LOT SIZE**

Underwriter of the Rights Issue



PROPOSED RIGHTS ISSUE

The Board is pleased to announce that on 11 April 2014 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue.

The Board proposes to raise not less than approximately HK\$98.06 million but not more than approximately HK\$105.44 million before expenses by issuing not less than 2,451,400,860 Rights Shares and not more than 2,636,072,652 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK\$0.040 per Rights Share on the basis of 4 Rights Shares for every 1 Share held on the Record Date. The Rights Issue will not be available to the Excluded Shareholders.

* For identification purposes only

The estimated net proceeds of the Rights Issue will be not less than approximately HK\$93.67 million and not more than approximately HK\$100.80 million. The Company intends to apply the net proceeds from the Rights Issue for the redemption of the Company's existing convertible bonds, strengthening the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities.

The Rights Issue is fully underwritten by the Underwriter and the terms of the Rights Issue are determined after arm's length negotiation between the Company and the Underwriter.

IRREVOCABLE UNDERTAKING

Mr Cheung who is interested in 52,797,500 Shares as at the date of this announcement representing approximately 8.62% of the existing issued share capital, has irrevocably undertaken to the Company and the Underwriter that he will accept and procure its associates to accept all the Rights Shares to be provisionally allotted to him and his associates pursuant to the Rights Issue in respect of the Shares held by him and his associates as at the Record Date.

The CB Holders have irrevocably undertaken to the Company and the Underwriter that if any CB Holder shall convert any Convertible Bonds into Shares on or prior to the Record Date, such CB Holder shall accept all the Rights Shares to be provisionally allotted to it pursuant to the Rights Issue in respect of the Shares held by it as at the Record Date.

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreement other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Mr Cheung and his associates and the CB Holders.

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed "Conditions of the Rights Issue" of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

GEM LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 months period immediately preceding this announcement, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder.

As at the date of this announcement, there is no controlling Shareholder as defined under the GEM Listing Rules, however, Mr. Cheung, being the Chairman, Chief Executive Officer and an Executive Director of the Company and Mr. Lau Chi Yan, Pierre, being the Managing Director and an Executive Director of the Company or their respective associates are interested in the Shares and is required to abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder at the EGM.

An independent board committee comprising all the independent non-executive Directors will be formed to recommend the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in relation to the Rights Issue.

PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 10,000 Shares each. The Board proposes to change the board lot size for trading in the Shares on the Stock Exchange from 10,000 Shares to 40,000 Shares upon the Rights Issue becoming effective.

GENERAL

A circular containing, among other things, further information on the Rights Issue and the notice of the EGM will be despatched to the Shareholders on or about 30 April 2014. Resolutions will be proposed at the EGM for the Independent Shareholders to approve, among other things, the Rights Issue. Voting on the resolutions at the EGM will be taken by way of poll.

The Company expects to despatch the Rights Issue Documents to the Qualifying Shareholders on the Posting Date. The Company will, to the extent reasonably practicable, despatch the Prospectus to the Excluded Shareholders, if any, for their information only. No PAL will be despatched to the Excluded Shareholders.

PROPOSED RIGHTS ISSUE

On 11 April 2014 after trading hours, the Company and the Underwriter entered into the Underwriting Agreement in relation to the underwriting arrangements in respect of the proposed Rights Issue.

Issue statistics

Basis of the Rights Issue : 4 Rights Shares for every 1 Share held on the Record Date

Number of Shares in issue as at the date of this announcement	:	612,850,215 Shares
Number of Rights Shares	:	not less than 2,451,400,860 Rights Shares (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than 2,636,072,652 Rights Shares (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options and Convertible Bonds are exercised in full on or before the Record Date) (<i>Note</i>)
Subscription Price	:	HK\$0.040 per Rights Share
Aggregate nominal value of the Rights Shares	:	HK\$24,514,008
Number of Rights Shares underwritten by the Underwriter	:	all the Rights Shares other than those provisionally allotted to and undertaken to be subscribed by Mr. Cheung and his associates and the CB Holders, being not less than 2,240,210,860 Rights Shares and not more than 2,424,882,652 Rights Shares
Enlarged issued share capital upon completion of the Rights Issue	:	not less than 3,064,251,075 and not more than 3,248,922,867

Note: Assuming further issue of new Shares upon full exercise of the subscription or conversion rights attaching to the Outstanding Options and Convertible Bonds on or before the Record Date, a total of 46,167,948 new Shares would fall to be issued. Accordingly, an additional 184,671,792 Rights Shares would be issued, in which case the maximum number of Rights Shares that may be issued by the Company pursuant to the Rights Issue will increase to 2,636,072,652.

As at the date of this announcement:

- (i) there were 1,697,948 Outstanding Options granted under the Share Option Scheme entitling the holders thereof to subscribe for 1,697,948 Shares;

- (ii) there are Convertible Bonds convertible into a maximum of 44,470,000 Shares. The CB Holders have irrevocably undertaken to the Company and the Underwriter not to transfer any Convertible Bonds to any third party on or prior to the Record Date and if any CB Holder shall convert any Convertible Bonds into Shares on or prior to the Record Date, such CB Holder shall not transfer any such conversion shares to any third party and shall accept all the Rights Shares to be provisionally allotted to it pursuant to the Rights Issue in respect of the Shares held by it as at the Record Date.

Save as disclosed above, as at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 2,451,400,860 nil-paid Rights Shares proposed to be provisionally allotted represent 400% of the Company's issued share capital as at the date of this announcement and approximately 80% of the Company's issued share capital as enlarged by the issue of the 2,451,400,860 Rights Shares. The aggregate nominal value of the 2,451,400,860 Rights Shares will be HK\$24,514,008.

Qualifying Shareholders

The Company will send the Rights Issue Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Excluded Shareholders.

The Company will send the Rights Issue Documents to Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Company's share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on 22 May 2014.

Closure of register of members

The register of members of the Company will be closed from 23 May 2014 to 27 May 2014, both days inclusive. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

The Rights Issue Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. Further information in this connection will be set out in the Rights Issue Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any PAL to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Excluded Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Excluded Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be undertaken by the Underwriter.

Subscription Price

The Subscription Price is HK\$0.040 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 75.16% to the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (b) a discount of approximately 75.79% to the average closing price of HK\$0.165 per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day;
- (c) a discount of approximately 38.46% to the theoretical ex-rights price of HK\$0.065 per Share based on the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (d) equals to the par value of the Shares.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions and the par value of the Shares. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.0382.

Basis of provisional allotment

The basis of the provisional allotment shall be 4 Rights Shares for every 1 Share in issue and held at the close of business on the Record Date, being not less than 2,451,400,860 Rights Shares and not more than 2,636,072,652 Rights Shares at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Rights Issue Documents. Application for all or any part of a provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares. The aggregate of fractions of the Rights Shares will be sold by the Company in the market, and, if a net premium can be obtained the proceeds will be retained by the Company for its own benefit. Any unsold aggregate of fractions of the Rights Shares will be undertaken by the underwriter.

Certificates of Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” below, share certificates for the fully-paid Rights Shares to those Qualifying Shareholders are expected to be posted in accordance with the timetable at their own risk.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

No application for excess Rights Shares

After arm’s length negotiation with the Underwriter, the Board has decided that the Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective assured entitlements. Given that each Qualifying Shareholder will be given equal and fair opportunity to participate in the Rights Issue, the Board considers that it will put in additional effort and costs to administer the excess application procedures. Any Rights Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

1. the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong one duly certified copy of each of the Rights Issue Documents (and all other documents required to be attached thereto) not later than the Posting Date and in compliance with the GEM Listing Rules and the Companies Ordinance;
2. the posting of the Rights Issue Documents to the Qualifying Shareholders;
3. the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in the Rights Shares, in nil-paid and fully-paid forms;
4. compliance by the Company and Mr Cheung of their respective obligations under the Underwriting Agreement;
5. compliance by the CB Holders of their obligations under the CB Undertaking;
6. the passing by no later than the Posting Date by the Independent Shareholders at the EGM of all necessary resolution(s) to approve the Rights Issue;
7. the obligations of the Underwriter becoming unconditional and that this Agreement is not terminated in accordance with its terms; and
8. all requirements and conditions imposed by the Stock Exchange or under the GEM Listing Rules or otherwise in connection with the transactions contemplated by this Agreement having been fulfilled or complied with by no later than the Latest Time for Termination.

None of the above conditions are capable of being waived. In the event that the above conditions have not been satisfied on or before the Latest Time for Termination (or such later date as the Underwriter and the Company may agree in writing), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

UNDERWRITING ARRANGEMENTS

The Underwriting Agreement

The principal terms and conditions of the Underwriting Agreement are summarised as below:

- Date : 11 April 2014
- Underwriter : CNI Securities Group Limited
- Underwriting commitment of the Underwriter : All the Rights Shares other than those provisionally allotted to and undertaken to be subscribed by Mr. Cheung and CB Holders, being not less than 2,240,210,860 Rights Shares and not more than 2,424,882,652
- Commission : 3.5% of the aggregate Subscription Price of the Underwritten Shares actually issued as determined on the Record Date
- Undertakings : The Company shall not from the date hereof until after the Record Date issue any new Shares or issue or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire Shares save and except for purpose of issuing Shares to the grantee of the Outstanding Options or Convertible Bonds.

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreement, other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Mr Cheung and his associates and the CB Holders.

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors (including independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Underwriter, its ultimate beneficial owner and its associates are Independent Third Parties.

Undertakings given by the Underwriter

The Underwriter undertakes to the Company that, in any event, when the Underwriter exercise its obligation under the Underwriting Agreement to subscribe for or to procure subscription of the Underwritten Shares, the number of shares to be held by the Underwriter and each of the subscribers procured by the Underwriter (when aggregated with the Shares (if any) already held by each of them) together with their respective concert parties shall not exceed 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the enlarged issue share capital of the Company immediately after completion of the Rights Issue; and the Underwriter or each of the subscribers procured by the Underwriter (when aggregated with the Shares (if any) already held by each of them) together with their respective concert parties shall not be interested in Shares exceeding 10% of the enlarged issued share capital of the Company immediately after completion of the Rights Issue.

Underwriting Commission

The Company will pay the Underwriter an underwriting commission of 3.5% of the aggregate Subscription Price in respect of the Underwritten Shares actually issued on the Record Date and all legal fees and other out-of-pocket expenses of the Underwriter in respect of the Right Issue. The underwriting commission mentioned above shall not be payable if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter. The Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser) are of the view that the commission is fair and reasonable.

Termination of the Underwriting Agreement

If at any time on or before the Latest Time for Termination:

- (A) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (B) there shall be:
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;

- (ii) any change in local, national or international financial, political, industrial or economic conditions;
- (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
- (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
- (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 7 trading days (as defined in the GEM Listing Rules);
- (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which is or are, in the reasonable opinion of the Underwriter:–

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing rescind the Underwriting Agreement and thereupon all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against any other party (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

IRREVOCABLE UNDERTAKINGS

Mr. Cheung, who is interested in 52,797,500 Shares as at the date of this announcement representing approximately 8.62% of the existing issued Shares, has irrevocably undertaken to the Company and the Underwriter that he will accept and will procure his associates to accept all the Rights Shares to be provisionally allotted to him and his associates pursuant to the Rights Issue in respect of the Shares held by him and his associates as at the Record Date.

The CB Holders have irrevocably undertaken to the Company and the Underwriter not to transfer any Convertible Bonds to any third party on or prior to the Record Date and if any CB Holder shall convert any Convertible Bonds into Shares on or prior to the Record Date, such CB Holder shall not transfer any such conversion shares to any third party and shall accept all the Rights Shares to be provisionally allotted to it pursuant to the Rights Issue in respect of the Shares held by it as at the Record Date.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Rights Issue under various scenarios:

Scenario 1

Assuming none of the Outstanding Options and Convertible Bonds are exercised on or before the Record Date:

Shareholders	As at the date of this announcement		Immediately after completion of Rights Issue and assuming 100% acceptance by Qualifying Shareholders		Immediately after completion of Rights Issue and assuming no acceptance by Qualifying Shareholders other than Mr. Cheung and his associates	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Cheung Wai Yin, Wilson (note 1)	52,797,500	8.62	263,987,500	8.62	263,987,500	8.62
Lau Chi Yan, Pierre (note 2)	2,125,000	0.35	10,625,000	0.35	2,125,000	0.07
Option holders	0	0.00	0	0.00	0	0.00
CB Holders	0	0.00	0	0.00	0	0.00
Underwriter (note 3)	0	0.00	0	0.00	2,240,210,860	73.10
Other public Shareholders	557,927,715	91.03	2,789,638,575	91.03	557,927,715	18.21
Total	612,850,215	100.00	3,064,251,075	100.00	3,064,251,075	100.00

Scenario 2

Assuming the Outstanding Options and the Convertible Bonds are exercised in full on or before the Record Date:

Shareholders	As at the date of this announcement		Immediately after completion of Rights Issue and assuming 100% acceptance by Qualifying Shareholders		Immediately after completion of Rights Issue and assuming no acceptance by Qualifying Shareholders other than Mr. Cheung and his associates and CB Holders	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
	Cheung Wai Yin, Wilson (<i>note 1</i>)	52,797,500	8.01	263,987,500	8.01	263,987,500
Lau Chi Yan, Pierre (<i>note 2</i>)	2,125,000	0.32	10,625,000	0.32	2,125,000	0.07
Option holders	1,697,948	0.26	8,489,740	0.26	1,697,948	0.05
CB Holders	44,470,000	6.75	222,350,000	6.75	44,470,000	1.35
Underwriter (<i>note 3</i>)	0	0.00	0	0.00	2,424,882,652	73.59
Other public Shareholders	557,927,715	84.66	2,789,638,575	84.66	557,927,715	16.93
Total	659,018,163	100.00	3,295,090,815	100.00	3,295,090,815	100.00

Notes:

- The interests disclosed includes 52,500,000 Shares held by Ivana, which is wholly owned by Mr. Cheung. The remaining 297,500 Shares are held by Mr. Cheung personally.
- Mr. Lau Chi Yan, Pierre is the Managing Director of the Company.
- The Underwriter will not and shall procure that the sub-underwriters and placees procured by them, together with parties acting in concert with each of them, will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue. The Underwriter shall and shall cause the sub-underwriters to procure placees independent of the Company and its connected persons to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 11.23 of the GEM Listing Rules are complied with. The Underwriter shall use its reasonable endeavours to ensure that each of the sub-underwriters and their placees (and their respective ultimate beneficial owners) is independent of and not connected with the Company and its connected persons and is not a party acting in concert with each other.

Reason for and benefits of the proposed Rights Issue and use of proceeds

The Group is principally 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 information technology business.

The gross proceeds from the Rights Issue will be approximately HK\$98.06 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) to approximately HK\$105.44 million (assuming no repurchase of Shares and the maximum number of the Outstanding Options and Convertible Bonds are exercised in full). The estimated net proceeds from the Rights Issue will be approximately HK\$93.67 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) to approximately HK\$100.80 million (assuming no repurchase of Shares and the maximum number of the Outstanding Options and Convertible Bonds are exercised in full). The Company intends to apply the net proceeds from the Rights Issue for the redemption of the Company's existing convertible bonds, strengthening the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities.

The Board considers that it is prudent to finance the Group by long-term financing, preferably in the form of equity. The Board also believes that the Rights Issue will enable the Group to enhance its financial position. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable of the proposed Rights Issue is as follows:

(Hong Kong time)

Expected date of despatch of the Circular, notice of EGM and form of proxy of the EGM	Wednesday, 30 April 2014
Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Wednesday, 14 May 2014
Register of members closes (both days inclusive)	Thursday, 15 May 2014 to Monday, 19 May 2014

Latest time for lodging of form of proxy for the EGM (not less than 48 hours)	11:00 a.m. on Saturday, 17 May 2014
Record date for attendance and voting at the EGM	Monday, 19 May 2014
EGM	11:00 a.m. on Monday, 19 May 2014
Announcement of results of the EGM	Monday, 19 May 2014
Last day of dealings in the Shares on a cum-rights basis	Tuesday, 20 May 2014
First day of dealings in the Shares on an ex-rights basis	Wednesday, 21 May 2014
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Thursday, 22 May 2014
Register of members closes (both days inclusive)	Friday, 23 May 2014 to Tuesday, 27 May 2014
Record Date	Tuesday, 27 May 2014
Register of members re-opens	Wednesday, 28 May 2014
Prospectus Documents expected to be despatch	Wednesday, 28 May 2014
First day of dealings in nil-paid Rights Shares	Friday, 30 May 2014
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 4 June 2014
Last day of dealings in nil-paid Rights Shares	Monday, 9 June 2014
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Thursday, 12 June 2014
Rights Issue expected to become unconditional	Friday, 13 June 2014
Last day of trading of Shares in board lot of 10,000 Shares	Tuesday, 17 June 2014

Effective date of change in board lot size Wednesday, 18 June 2014

Designated broker starts to stand in the market to
provide matching services for odd lots of Shares Wednesday, 18 June 2014

First day for free exchange of existing share certificates
in board lot of 10,000 Shares each for new share certificates
in board lot of 40,000 Shares each Wednesday, 18 June 2014

Announcement of results of the Rights Issue Thursday, 19 June 2014

Certificates for the Rights expected to
be despatched on or before Friday, 20 June 2014

Refund cheques in respect of the payment for
the Rights Shares if the Rights Issue cannot become
unconditional are expected to be posted on or before Friday, 20 June 2014

Dealings in fully-paid Rights Shares commence Monday, 23 June 2014

The last day for the designated broker to provide
matching services for odd lots of Shares Wednesday, 9 July 2014

Last day for free exchange of existing share certificates
in board lot of 10,000 Shares each for
new share certificates in board lot of 40,000 Shares each Monday, 14 July 2014

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE ACCEPTANCE DATE

The Acceptance Date will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead, the Acceptance Date will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Acceptance Date is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this announcement may be affected. An announcement will be made by the Company in such event.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Apart from the fund raising activity mentioned below, the Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

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

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
6 December 2013	(i) Placing of new Shares under general mandate	HK\$6.58 million	Approximately HK\$3 million for the expansions of the Company's existing trading business and information technology business; approximately HK\$1.58 million for general working capital and approximately HK\$2 million for financing future investment opportunities	Approximately HK\$2 million has been used for the expansions of the Company's existing trading business; approximately HK\$1.58 million has been used for the redemption of the Company's existing convertible bonds and the remaining is deposited in bank
	(ii) Placing of new Shares under specific mandate	HK\$22.55 million	Approximately HK\$2.25 million for the expansions of the trading business; approximately HK\$6.77 for the information technology business and approximately HK\$13.53 million for general working capital	Approximately HK\$13.50 million has been used for the redemption of the Company's existing convertible bonds and the remaining is deposited in bank
21 February 2014	Placing of new Shares under general mandate	HK\$12.56 million	For general working capital to finance its business development and/or to finance any future investment opportunities	Approximately HK\$12.56 million is deposited in bank

ADJUSTMENTS IN RELATION TO THE CONVERTIBLE BONDS AND THE OPTIONS

As at the date of this announcement, there are (i) Convertible Bonds with outstanding principal amount of HK\$177,880,000 and (ii) Outstanding Options to subscribe for 1,697,948 new Shares.

Pursuant to the instrument creating the Convertible Bonds, the conversion price of Shares which fall to be issued upon exercise of the conversion rights attached to the Convertible Bonds will be adjusted in the event of any share consolidation or sub-division, capitalization issue or capital distribution. Therefore the Rights Issue will not affect the conversion price of the Convertible Bonds and no adjustment thereof will be made as a result of the Rights Issue.

Pursuant to the Share Option Scheme, in the events of any alteration in the share capital of the Company by way of capitalization of profits or reserves, rights issue, consolidation, subdivision, or reduction of capital, the exercise price per Share at which the holders of the Outstanding Options may subscribe for Shares upon the exercise of the Options and the number of their Outstanding Options shall be adjusted. Therefore after the Rights Issue becoming effective, the exercise price and number of the Outstanding Options will be affected. The Company will engage the auditors of the Company or a financial adviser in accordance with the terms of the Share Option Scheme and the supplementary guidance on adjustments to the exercise price and number of share options under the Listing Rule requirements issued by the Stock Exchange on 5 September 2005 to certify in writing as to the adjustments (if any) required to be made in respect of the Outstanding Options as a result of the Rights Issue. Further announcement will be made in relation thereto.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

GEM LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 months period immediately preceding this announcement, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder.

As at the date of this announcement, there is no controlling Shareholder as defined under the GEM Listing Rules, however, Mr. Cheung, being the Chairman, Chief Executive Officer and an Executive Director of the Company and Mr. Lau Chi Yan, Pierre, being the Managing Director and an Executive Director of the Company or their respective associates are interested in the Shares and is required to abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder at the EGM.

An independent board committee comprising all the independent non-executive Directors will be formed to recommend the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in relation to the Rights Issue.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot of 10,000 Shares. Based on the closing price of HK\$0.161 per Share (equivalent to a theoretical ex-right price of approximately HK\$0.065 per Share) as at 11 April 2014, upon the allotment and issue of the Rights Shares, the value of each board lot of 10,000 Shares is estimated to be approximately HK\$650. It is proposed that after the Rights Issue becoming effective, the board lot size of the Shares shall be changed from 10,000 to 40,000 so that the estimated market value per board lot of the Shares will be approximately HK\$2,600 (based on the theoretical ex-right price of approximately HK\$0.065 per Share as at the date of this announcement). The Board considers that the change in board lot size will increase the value of each board lot of the shares of the Company, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company.

In order to facilitate the trading of odd lots (if any) of Shares arising from the change in board lot size, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from 18 June 2014 to 9 July 2014 (both dates inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the Circular.

GENERAL

A circular containing, among other things, further information on the Rights Issue and the notice of the EGM will be despatched to the Shareholders on or about 30 April 2014. Resolutions will be proposed at the EGM for the Independent Shareholders to approve, among other things, the Rights Issue. Voting on the resolutions at the EGM will be taken by way of poll.

The Company expects to despatch the Rights Issue Documents to the Qualifying Shareholders on the Posting Date. The Company will, to the extent reasonably practicable, despatch the Prospectus to the Excluded Shareholders, if any, for their information only. No PAL will be despatched to the Excluded Shareholders.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acceptance Date”	12 June 2014 or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“CB Holders”	Holders of the Convertible Bonds
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to the Shareholders containing, among other things, further information of the Rights Issue, and proposed to be despatched to the Shareholders on or about 30 April 2014

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Merdeka Resources Holdings Limited (Stock Code: 8163), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange
“Convertible Bonds”	the zero coupon convertible bonds due 2014 issued by the Company with total outstanding principal amount of HK177,880,000 as at the date of this announcement which are convertible into 44,470,000 Shares
“Director(s)”	director(s) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to approve, among other things, the Rights Issue
“Excluded Shareholders”	those Overseas Shareholders whom the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities of GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Shareholders”	the Shareholders not required under the GEM Listing Rules to abstain from voting on the resolution(s) approving the Rights Issue at the EGM
“Ivana”	Ivana Investments Limited
“Last Trading Day”	11 April 2014, being the date of the Underwriting Agreement
“Latest Time for Termination”	4:00 p.m. on the second Business day after the Acceptance Date or such other date as the Underwriter may agree in writing with the Company
“Mr. Cheung”	Mr. Cheung Wai Yin, Wilson, executive Director and substantial Shareholder of the Company
“Option(s)”	the option(s) to subscribe for Shares under the Share Option Scheme
“Outstanding Option(s)”	as at the date of this announcement, the 1,697,948 outstanding options granted under the Share Option Scheme
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue, being in such usual form as may be agreed between the Company and the Underwriter
“Posting Date”	28 May 2014, being the second business day after the Record Date or such other date as the Underwriter may agree in writing with the Company, as the expected date of despatch of the Rights Issue Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders for information only (as the case may be)

“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose name(s) appear on the register of members of the Company on the Record Date
“Record Date”	27 May 2014 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	the share registrar of the Company in Hong Kong, being Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of 4 Rights Shares for every 1 Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Rights Issue Documents
“Rights Issue Documents”	the Prospectus and PAL
“Rights Shares”	Shares to be issued and allotted under the Rights Issue on the basis of 4 Rights Shares for every 1 Share in issue on the Record Date, being 2,451,400,860 Shares based on the Company’s issued share capital as at the date of this announcement, or if the maximum number of the Outstanding Options and Convertible Bonds are exercised in full on or before the Record Date, an aggregate of 2,636,072,652 Shares
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing ordinary share(s) of HK\$0.010 each in the Share capital of the Company

“Share Option Scheme”	the share option scheme adopted by the Company on 3 May 2012
“Shareholder(s)”	registered holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.040 per Rights Share
“Underwriter”	CNI Securities Group Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) and type 2 regulated activity (dealing in futures contracts) under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 11 April 2014 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	Not less than 2,240,210,860 Rights Shares and not more than 2,424,882,652 Rights Shares
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 11 April 2014

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 (*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

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>.