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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: 08163)

ANNOUNCEMENT CONNECTED TRANSACTION ZERO COUPON CONVERTIBLE BONDS

On 30 May 2011, the Company and MCL entered into the Supplemental Deed to (a) extend the maturity date of the Convertible Bonds for three years to 12 August 2014 accordingly; (b) allow the Company, at its discretion, to redeem the whole or part of the outstanding Convertible Bonds of the bondholders on a pro rata basis prior to their maturity date; and (c) remove the Conversion Restriction.

For the purpose of the GEM Listing Rules, the Proposed Terms contemplated by the Supplemental Deed will be treated as an issue of new convertible bonds and are therefore subject to the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares to be issued upon conversion of the outstanding Convertible Bonds.

As MCL is a substantial Shareholder, MCL is a connected person of the Company under the GEM Listing Rules. The Proposed Terms to be effected by the Supplemental Deed constitute a connected transaction of the Company. Therefore, the Proposed Terms are subject to reporting and announcement requirements, as well as approval by the Independent Shareholders at the EGM under the GEM Listing Rules. The Company will establish an independent board committee and appoint an independent financial adviser to advise the Independent Shareholders and the independent board committee of the Company in respect of the Proposed Terms. MCL together with its associates will abstain from voting in respect of the resolutions approving the Proposed Terms at the EGM.

A circular containing details of the Convertible Bonds, the Proposed Terms and the letters from the independent board committee and the independent financial adviser will be despatched to the Shareholders on or about 21 June 2011 in accordance with the GEM Listing Rules.

* For identification purposes only

BACKGROUND

Reference is made to the announcement of the Company dated 23 October 2007 and the circular of the Company dated 30 May 2008. As disclosed, the Company issued the Convertible Bonds in the aggregate principal amount of HK\$776,880,000 which can convert into Shares at the conversion price of HK\$0.1 per Conversion Share. There is a restriction on the conversion of the Convertible Bonds that any bondholder(s) cannot convert any principal amount of the Convertible Bonds into Conversion Shares if, upon such conversion, MCL and parties acting in concert with it shall be interested in 30% (or such amount as may from time to time be specified in the Takeovers Codes as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion. All outstanding Convertible Bonds will mature on 12 August 2011.

As at the date of this announcement, the aggregate outstanding principal amount of the Convertible Bonds is HK\$484,880,000 which is legally and beneficially owned by MCL.

For further details of the Convertible Bonds, please refer to the circular of the Company dated 30 May 2008.

SUPPLEMENTAL DEED

On 30 May 2011, the Company and MCL entered into the Supplemental Deed to (a) extend the maturity date of the Convertible Bonds for three years to 12 August 2014 accordingly; (b) allow the Company, at its discretion, to redeem the whole or part of the outstanding Convertible Bonds of the bondholders on a pro rata basis prior to their maturity date; and (c) remove the Conversion Restriction.

The Supplemental Deed is conditional upon the following conditions:

- (a) the Company having convened an extraordinary general meeting at which resolutions shall have been duly passed by the Independent Shareholders to approve and ratify the Supplemental Deed; and
- (b) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to be issued upon exercise of conversion rights under the outstanding Convertible Bonds.

The Proposed Terms will take effect as from 12 August 2011 subject to all the conditions of the Supplemental Deed having been fulfilled. If all of the conditions are not fulfilled before 12 August 2011, the parties to the Supplemental Deed will not be bound to proceed with the transactions contemplated under the Supplemental Deed and the Supplemental Deed will cease to have any effect.

Apart from the Proposed Terms, all terms of the Convertible Bonds remain unchanged from the original terms. A summary of the principal terms of the Convertible Bonds after the Supplemental Deed becomes effective are as follows:

Issuer: The Company

Outstanding Principal Amount: HK\$484,880,000

Interest: Zero coupon

Conversion Period: Subject to the restrictions specified below, bondholders shall be entitled to convert the Convertible Bonds into the Conversion Shares at any time during the period commencing from the date of issue of the Convertible Bonds until the date that falls on the fifth day immediately before the maturity date.

Restrictions in conversion:

There is no right for any bondholder(s) to convert any principal amount of the Convertible Bonds held by the bondholder(s) and the Company shall not issue any Conversion Shares thereof if, upon such conversion and issue of the Conversion Shares, the Company will be in breach of the minimum public float requirement as stipulated under Rule 11.23 of the GEM Listing Rules. The original Conversion Restriction is to be removed.

Conversion Price: HK\$0.10 per Conversion Share, subject to customary adjustments, among other things, sub-divisions and consolidations of the Shares, in accordance with the terms and conditions of the Convertible Bonds.

The Conversion Price represents:

- (i) a discount of approximately 19.36% to the closing price per Share as quoted on the Stock Exchange of HK\$0.124 on 30 May 2011, being the last day of trading in the Shares on the Stock Exchange immediately prior to the entering into of the Supplemental Deed;
- (ii) a discount of approximately 19.61% to the average of the closing prices per Share for the last five trading days ended on 30 May 2011, being the last day of trading in the Shares on the Stock Exchange immediately prior to the entering into of the Supplemental Deed; and

(iii) a premium of approximately 14.94% over the audited consolidated net asset value of HK8.7 cents per Share as at 31 December 2010.

Early Redemption:

Upon effective of the Supplemental Deed, the Company may at any time during the period commencing from the date of issue of the Convertible Bonds to the maturity date of the Convertible Bonds to redeem the whole or part of the outstanding Convertible Bonds of the bondholder(s) on a pro rata basis.

Ranking of Conversion Shares:

Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.

Maturity:

The date falling on the sixth anniversary of the issue date, such date being a business day and if such date not being a business day, the immediately next business day. Unless previously converted or cancelled under the conditions of the Convertible Bonds, each Convertible Bond shall be redeemed at their principal amount on the maturity date. The original maturity date of 12 August 2011 is to be extended for 3 years to a new maturity date of 12 August 2014.

Voting Rights:

The bondholders shall not have any right to attend or vote in any general meeting of the Company by virtue of their being bondholders.

Transferability:

The Convertible Bonds are transferable from the date of issue of the Convertible Bonds until the date that falls on the tenth day before the maturity date, subject to the terms and conditions of the Convertible Bonds.

Status:

General, unsecured obligations of the Company ranking equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for the obligations accorded preference by mandatory provisions of applicable laws.

Listing:

No application will be made for the listing of the Convertible Bonds. Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the outstanding Convertible Bonds.

If the outstanding Convertible Bonds are fully converted at the initial conversion price of HK\$0.10 each, a maximum of 4,848,800,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the outstanding Convertible Bonds in full, which represents: (i) approximately 87.71% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 46.73% of the issued share capital of the Company as to be enlarged by the issue of the 4,848,800,000 Conversion Shares.

REASONS FOR THE SUPPLEMENTAL DEED

The Proposed Terms effectively allows the Group to refinance the debts under the Convertible Bonds under the same financial terms for a further three-year period. Since the Convertible Bonds is zero coupon, it will not incur any interest burden for the Group for the next three years. Save for the Proposed Terms, other terms and conditions of the Convertible Bonds remain unchanged.

The Board (excluding Mr. Lai Wing Hung, the ultimate beneficial owner of MCL who has material interest in the Proposed Terms and has abstained from voting in the board meeting for approving the Proposed Terms, and the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) considers that the terms and conditions of the Supplemental Deed are fair and reasonable and the Proposed Terms are in the interests of the Company and the Shareholders as a whole. No proceeds will be received by the Company as a result of the Proposed Terms.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and immediately after the full conversion of the outstanding Convertible Bonds is as follows:

Name of Director	As at the date of this announcement		Immediately after the full conversion of the outstanding Convertible Bonds	
	No. of Shares	Approximate percentage (%)	No. of Shares	Approximate percentage (%)
Ma Hang Kon, Louis	9,800,000	0.18	9,800,000	0.09
Lai Wing Hung (<i>Note 1</i>)	75,000,000	1.36	75,000,000	0.72
Fung Hoi Wing, Henry	550,000	0.01	550,000	0.01
Sub-total for directors	85,350,000	1.55	85,350,000	0.82
Name of substantial Shareholder				
MCL (<i>Note 1</i>)	1,277,680,000	23.11	6,126,480,000	59.04
Manistar and Mak Shiu Tong, Clement (<i>Note 2</i>)	1,351,108,070	24.44	1,351,108,070	13.02
Sub-total for substantial Shareholders	2,628,788,070	47.55	7,477,588,070	72.06
Total non-public Shareholders	2,714,138,070	49.10	7,562,938,070	72.88
Total public Shareholders	2,814,010,930	50.90	2,814,010,930	27.12
Total	5,528,149,000	100.00	10,376,949,000	100.00

Notes:

- In addition to his direct interest of 75,000,000 Shares, Mr. Lai Wing Hung is also deemed to be interested in 1,277,680,000 Shares held beneficially by MCL under the SFO through his 30% interests in MCL and his 100% interests in Merdeka Finance Group Limited, which in turn holds 70% shareholdings in MCL as at the date of this announcement.
- The 1,351,108,070 Shares were held as to (i) 1,331,764,070 Shares by Manistar, which is wholly-owned by CCT Capital International Holdings Limited which in turn is a wholly-owned subsidiary of CCT Telecom; and (ii) 19,344,000 Shares by Mr. Mak Shiu Tong, Clement directly. Mr. Mak Shiu Tong, Clement is deemed to be interested in the 1,331,764,070 Shares held beneficially by Manistar under the SFO through his controlling interest in CCT Telecom as at the date of this announcement.

FUND RAISING ACTIVITY IN PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

GEM LISTING RULES IMPLICATIONS

For the purpose of the GEM Listing Rules, the Proposed Terms contemplated by the Supplemental Deed will be treated as an issue of new convertible bonds and are therefore subject to the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares to be issued upon conversion of the outstanding Convertible Bonds.

As at the date of this announcement, MCL holds 1,277,680,000 Shares representing 23.11% of the issued share capital of the Company. MCL is a substantial Shareholder and hence a connected person of the Company under the GEM Listing Rules. The Proposed Terms to be effected by the Supplemental Deed between the Company and MCL constitute a connected transaction of the Company. Therefore, the Proposed Terms are subject to reporting and announcement requirements, as well as approval by the Independent Shareholders at the EGM under the GEM Listing Rules. The Company will establish an independent board committee and will appoint an independent financial adviser to advise the Independent Shareholders and the independent board committee of the Company in respect of the Proposed Terms. MCL together with its associates will abstain from voting in respect of the resolutions approving the Proposed Terms at the EGM.

Application will be made to the GEM Listing Committee of the Stock Exchange for its approval for the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the outstanding Convertible Bonds.

INFORMATION ON THE GROUP AND MCL

The Group is principally engaged in (i) the timber business including the upstream operations of harvesting timber and the downstream operations of production of timber and wood products; (ii) the plantation business; and (iii) the trading business.

MCL is an investment holding company. Apart from the holding of 23.11% shareholding in the Company and the Convertible Bonds in the principal amount of HK\$484,880,000, MCL does not have any other significant business activities.

GENERAL

A circular containing details of the Convertible Bonds, the Proposed Terms and the letters from the independent board committee and the independent financial adviser will be despatched to the Shareholders on or about 21 June 2011 in accordance with the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“associate”	has the meaning ascribed thereto under the GEM Listing Rules;
“Board”	the board of directors of the Company;
“bondholder(s)”	holder(s) of the Convertible Bonds;
“CCT Telecom”	CCT Telecom Holdings Limited (中建電訊集團有限公司*), a company listed on the Main Board of the Stock Exchange and a substantial Shareholder;
“Company”	Merdeka Resources Holdings Limited, a company incorporated in the Cayman Islands, whose shares are listed on the GEM;
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Conversion Price”	HK\$0.10 per Conversion Share, subject to adjustment under the terms and conditions of the Convertible Bonds;
“Conversion Restriction”	the restriction on the conversion of the Convertible Bonds that any bondholder(s) cannot convert any principal amount of the Convertible Bonds into Conversion Shares if, upon such conversion, MCL and parties acting in concert with it shall be interested in 30% (or such amount as may from time to time be specified in the Takeovers Codes as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion pursuant to the Convertible Bonds;
“Conversion Share(s)”	new Share(s) to be allotted and issued by the Company upon exercise of the conversion rights under the Convertible Bonds from time to time;

“Convertible Bonds”	the convertible bonds due 2011 issued by the Company to MCL on 12 August 2008 following the completion of the agreement entered into among the Company, MCL and Merdeka Timber Group Ltd. in connection with the acquisition and subscription by the Company of shares in Merdeka Timber Group Ltd. representing 100% shareholding in Merdeka Timber Group Ltd.;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Proposed Terms;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Lai Wing Hung and MCL and their respective associates;
“Manistar”	Manistar Enterprises Limited, a substantial Shareholder and an indirect wholly-owned subsidiary of CCT Telecom;
“MCL”	Merdeka Commodities Limited, a company incorporated in the British Virgin Islands with limited liability;
“Proposed Terms”	together (a) the proposed extension of the maturity date of the Convertible Bonds for three years to 12 August 2014; (b) permission for the Company, at its discretion, to redeem the whole or part of the outstanding Convertible Bonds of the bondholders on a pro rata basis prior to their maturity date; and (c) removal of the Conversion Restriction pursuant to the Supplemental Deed;

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of par value 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;
“substantial shareholder”	has the meaning ascribed thereto under the GEM Listing Rules;
“Supplemental Deed”	the supplemental deed dated 30 May 2011 between the Company and MCL in respect of the Convertible Bonds;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

By order of the Board of
MERDEKA RESOURCES HOLDINGS LIMITED
Ma Hang Kon, Louis
Chief Executive Officer

Hong Kong, 30 May 2011

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

Executive Directors:

Mr. Ma Hang Kon, Louis (*Chief Executive Officer*)
Mr. Lai Wing Hung
Mr. Wong Shui Lung

Non-executive Directors:

Mr. Yeh Shuen Ji (*Chairman*)
Mr. Bai Baohua

Independent Non-executive Directors:

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

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

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