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If you have sold or transferred all your shares in Merdeka Resources Holdings Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

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This circular, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of the Stock Exchange 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.

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# **MERDEKA**

## **MERDEKA RESOURCES HOLDINGS LIMITED**

**(萬德資源集團有限公司\*)**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8163)**

**(1) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME,  
(2) PROPOSED GRANTING OF GENERAL MANDATES  
TO ISSUE NEW SHARES AND REPURCHASE SHARES,  
(3) PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS  
OF THE COMPANY  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the AGM is set out on pages 26 to 31 of this circular. A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Such form of proxy for use at the AGM is also published on the websites of the Stock Exchange (<http://www.hkgem.com>) and the Company (<http://www.merdeka.com.hk> and <http://www.irasia.com/listco/hk/merdeka>). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish.

*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 will be published and remains on the website of the Company at <http://www.merdeka.com.hk> and <http://www.irasia.com/listco/hk/merdeka>.*

## 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 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, unless the context otherwise requires, the following words and expressions shall have the following meanings:*

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code;
“Adoption Date”	the date on which the Scheme is adopted by an ordinary resolution of the Shareholders at the AGM;
“AGM”	the annual general meeting of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 3 May 2012 at 10:00 a.m. or any adjournment thereof (as the case may be), notice of which is set out in Appendix III of this circular;
“Articles”	means the articles of association of the Company as amended from time to time;
“Auditor”	the auditor of the Company for the time being;
“associate(s)”	has the same meaning as ascribed to it under the GEM Listing Rules;
“Board”	the board of the Directors;
“Business day”	a day (excluding Saturday, upon which banks are open for business in Hong Kong);
“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 of the Company;
“Company”	Merdeka Resources Holdings Limited (萬德資源集團有限公司*), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM;
“connected person”	has the same meaning as ascribed to it under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;

\* For identification purpose only

## DEFINITIONS

“Existing Share Option Scheme”	the share option scheme adopted by the Company on 20 February 2002 which became effective on 7 March 2002 and expired on 6 March 2012;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Grantee”	any Participant who accepts the offer of the grant of any Option in accordance with the terms of the Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its subsidiaries;
“HK or Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“INED”	Independent non-executive director;
“Latest Practicable Date”	23 March 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Manistar”	Manistar Enterprises Limited, a substantial shareholder of the Company and an indirect wholly-owned subsidiary of CCT Telecom;
“MCL”	Merdeka Commodities Limited, a substantial shareholder of the Company;
“MCL Convertible Bonds”	the convertible bonds, originally due 2011 and extended to 2014 issued by the Company to MCL on 12 August 2008 as part of consideration to acquire the forestry business. These bonds are interest-free and convertible into Shares at the initial conversion price of HK\$0.10 per Share (subject to adjustment in accordance with the terms of the convertible bonds);
“New Share Option Scheme”	the new share option scheme of the Company to be proposed for adoption by the Company at the AGM, the principal terms of which are set out in Appendix I;
“Offer”	the offer of the grant of an Option;

## DEFINITIONS

“Offer Date”	the date on which an Option is offered to a Participant;
“Option”	an option to subscribe for Shares granted and accepted pursuant to the New Share Option Scheme and for the time being subsisting;
“Option Period”	the period for the exercise of an Option to be notified by the Board to the Grantee in the Offer, but in any event shall not exceed 10 years from the Offer Date;
“Participant”	any employees (full time and part time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group;
“Scheme”	the New Share Option Scheme in its present form or as amended;
“Scheme Period”	the period commencing on the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders at the AGM and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Subscription Price”	the price per Share at which a Grantee may subscribe for Share on the exercise of an Option in the New Share Option Scheme;
“substantial shareholder(s)”	has the same meaning as ascribed to it under the GEM Listing Rules;
“Takeover Code”	the Code on Takeovers and Mergers;
“%”	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. Ma Hang Kon, Louis

Mr. Lai Wing Hung

Mr. Wong Shui Lung

*Non-executive Directors*

Mr. Yeh Shuen Ji

Mr. Bai Baohua

*Independent Non-executive Directors*

Mr. Lam Kin Kau, Mark

Mr. Fung Hoi Wing, Henry

Mr. Lau Ho Wai, Lucas

*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 1903A

The Sun's Group Centre

200 Gloucester Road,

Wanchai,

Hong Kong

28 March 2012

*To the Shareholders and, for information only,  
the holders of the MCL Convertible Bonds*

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME,  
(2) PROPOSED GRANTING OF GENERAL MANDATES  
TO ISSUE NEW SHARES AND REPURCHASE SHARES,  
(3) PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS  
OF THE COMPANY  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

### INTRODUCTION

The Board wishes to seek the approval of the Shareholders at the AGM for (i) the adoption of the New Share Option Scheme; (ii) the granting of the general mandate to issue Shares (referred to the resolution no. 5(B) of the notice of the AGM); (iii) the granting of the general mandate to repurchase Shares (referred to the resolution no. 5(C) of the notice of the AGM); and (iv) the re-election of the Directors.

\* For identification purpose only

## LETTER FROM THE BOARD

The purpose of this circular is to (i) provide you with summary of the principal terms of the New Share Option Scheme; (ii) provide you with details of the general mandate to issue Shares; (ii) provide you with details of the general mandate to repurchase Shares; (iii) set out an explanatory statement regarding the general mandate to repurchase Shares as required under the GEM Listing Rules; and (iv) provide you with details of the Directors who are subject to re-election at the AGM.

### **EXPIRY OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME**

The Existing Share Option Scheme allowing the Company to grant share options to participants for the purpose of, among others, providing incentives or rewards to the participants for their contribution of the Group, is valid and effective for a period of 10 years commencing on 7 March 2002. Accordingly, the Existing Share Option Scheme expired on 6 March 2012. All the outstanding share option thereunder were lapsed because of the expiry of the option period.

The Directors therefore consider to adopt the New Share Option Scheme so that the Company can continue to provide incentives and/or rewards to the Participants, by way of granting options. There is no performance target specified in the New Share Option Scheme.

An ordinary resolution will be proposed at the AGM to approve the adoption of the New Share Option Scheme.

Same as those of the Existing Share Option Scheme, the terms of the New Share Option Scheme provide that in granting Options under the New Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have discretion in determining the Subscription Price in respect of any Option. The Directors are of the view that the flexibility given to the Directors to impose the minimum period for which the Options have to be held and performance targets and other conditions that have to be achieved before the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole.

A summary of the terms of the New Share Option Scheme, which is proposed to be approved and adopted by the Company at the AGM, is set out in Appendix I to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Room 1903A, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of AGM.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date as a number of variables which are crucial for the calculation of the

## LETTER FROM THE BOARD

value of the Options have not been determined. Such variables include the exercise price, exercise period, any lock up period and other conditions, if any, that an Option is subject to. Accordingly, the Directors believe that any calculation of value of the Options as at the Latest Practicable Date based on a large number of speculative assumptions would not be meaningful and may be misleading to the Shareholders.

Pursuant to the Note to Rule 23.03(4) of the GEM Listing Rules and Clause 10.02 of the New Share Option Scheme, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) under the Scheme in any 12 month period up to date of grant must not exceed 1% of the Shares in issue. Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting, and the number and terms (including the Subscription Price) of Options to be granted to such Participant must be fixed before the Shareholders' approval.

Pursuant to Rule 23.04(1) of the GEM Listing Rules, each grant of Share Options to a director, chief executive, management shareholder or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is a proposed grantee of the Share Options).

The New Share Option Scheme is conditional upon:

- (i) the passing of the necessary resolution to adopt the New Share Option Scheme in general meeting; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Options that may be granted under the New Share Option Scheme.

Subject to the passing of the ordinary resolution set out in item 5(A) of the notice of the AGM in respect of the adoption of the New Share Option Scheme and assuming that the issued share capital of the Company remains at 6,788,649,000 Shares as at the date of AGM, the Company can grant Options to subscribe for up to 678,864,900 Shares, representing 10% of the issued share capital of the Company as at the date of AGM, to eligible Grantees. To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on the said resolution.

An application will be made to the Stock Exchange for approval of the listing of and permission to deal in, the Shares which may be issued and allotted pursuant to the New Share Option Scheme.

## LETTER FROM THE BOARD

### GENERAL MANDATE TO ISSUE SHARES

It will be proposed at the AGM two ordinary resolutions respectively granting to the Directors (i) a general mandate to allot, issue and deal with the Shares not exceeding 20% of the aggregate nominal amount of the share capital in issue on the date of the passing of the resolution and (ii) adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company subject to the granting of the general mandate to repurchase Shares up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing the resolution.

As at the Latest Practicable Date, the maximum number of Shares to be issued is 1,357,729,800 Shares.

### GENERAL MANDATE TO REPURCHASE SHARES

At the 2011 annual general meeting of the Company held on 24 June 2011, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming AGM. The Directors propose to seek the approval of the Shareholders by ordinary resolution at the forthcoming AGM for a general mandate to repurchase Shares.

An explanatory statement as required under the GEM Listing Rules concerning the general mandate to repurchase Shares is set out in Appendix II to this circular.

### RE-ELECTION OF DIRECTORS

In accordance with Article 87 (2) of the Articles, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas, both being the longest in office, and Mr. Ma Hang Kon, Louis will retire by rotation at the forthcoming AGM and being eligible, will offer themselves for re-election at the AGM.

Biographical details of the above-named Directors, who are subject to re-election at the AGM, are set out in Appendix III to this circular in accordance with the relevant requirements of the GEM Listing Rules.

### THE AGM AND PROXY ARRANGEMENT

A notice convening the AGM is set out on pages 26 to 31 of this circular.

In accordance with the requirement under Rule 17.47(4) of the GEM Listing Rules, the votes for all resolutions by the Shareholders at the AGM must be taken by poll. The chairman of the AGM will therefore demand a poll at the beginning of the AGM on all of the resolutions put forward at the AGM pursuant to Article 66 of the Articles of the Company. The poll results of the AGM will be published on the websites of the Stock Exchange (<http://www.hkgem.com>) and the Company (<http://www.merdeka.com.hk> and <http://www.irasia.com/listco/hk/merdeka>) after the AGM.

## LETTER FROM THE BOARD

A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Such form of proxy for use at the AGM is also published on the websites of the Stock Exchange (<http://www.hkgem.com>) and the Company (<http://www.merdeka.com.hk> and <http://www.irasia.com/listco/hk/merdeka>). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish.

### RECOMMENDATION

The Directors consider that the adoption of the New Share Option Scheme; the granting of the general mandates to issue Shares and to repurchase Shares; and the re-election of the Directors are in the best interests of the Company and the Shareholders as a whole and therefore recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM in respect thereof.

Yours faithfully,

For and on behalf of the Board of

**MERDEKA RESOURCES HOLDINGS LIMITED**

**Ma Hang Kon, Louis**

*Chief Executive Officer*

The following is a summary of principal terms of the New Share Option Scheme to be approved at the AGM. It does not form part of, nor is it intended to be part of, the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme required to be included in the New Share Option Scheme as required by the GEM Listing Rules.

## **1. PURPOSE OF THE NEW SHARE OPTION SCHEME**

The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. The Scheme will give the Participants an opportunity to have a personal stake in the Company and will help achieve the following objectives:

- (a) motivate the Participants to optimise their performance and efficiency; and
- (b) attract and retain the Participants whose contributions are important to the long-term growth and profitability of the Group.

## **2. PARTICIPANTS**

The Directors may, at their absolute discretion, invite any employee (full time and part time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group, to take up Options to subscribe for Shares.

## **3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- 3.1 The aggregate number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.
- 3.2 Subject to Clauses 3.3 and 3.4, the maximum number of Shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the commencement of the Scheme Period (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Scheme.

- 3.3 The 10% limit as mentioned under Clause 3.2 may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Scheme and other share option schemes of the Company) will not be counted for the purpose of calculating the limit as “refreshed”. A circular must be sent to the Shareholders containing the information as required under the GEM Listing Rules in this regard.
- 3.4 The Company may seek separate approval by the Shareholders in general meeting for granting options beyond the 10% limit under Clauses 3.2 and 3.3 provided the options in excess of the limit are granted only to Participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of the specified persons who may be granted such Options, the number and terms of such Options to be granted and the purpose of granting such Options to the specified persons with an explanation of how the terms of the Options will serve the purpose and all other information required under the GEM Listing Rules.

#### 4. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) under the Scheme in any 12 month period up to date of grant must not exceed 1% of the Shares in issue. Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting, and the number and terms (including the Subscription Price) of Options to be granted to such Participant must be fixed before the Shareholders' approval. In such event, the Company must send a circular to the Shareholders containing the identity of the Participant, the number and terms of Options to be granted (and options previously granted to such person) and all other information required under the GEM Listing Rules. The date of meeting of the Board proposing such further grant should be taken as the date when an Offer is made to a Participant for the purpose of calculating the Subscription Price under Clause 8.

**5. GRANT OF OPTIONS TO CONNECTED PERSONS**

- 5.1 Each grant of Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors of the Company (excluding independent non-executive director who is the Grantee).
- 5.2 Where any grant of Options to a substantial Shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (a) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
  - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of Options must be approved by the Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the GEM Listing Rules in this regard. All connected persons of the Company shall abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

**6. TIME OF ACCEPTANCE AND EXERCISE OF AN OPTION**

- 6.1 An Offer may be accepted by a Participant within 7 days from the Offer Date. A consideration of HK\$1 is payable on acceptance of the Offer. An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence on the day on which the Offer is made but shall end in any event not later than 10 years from the Offer Date subject to the provisions for early termination thereof.
- 6.2 To the extent that the Offer is not accepted within 7 days in the manner indicated in the preceding Clause, it will be deemed to have been irrevocably rejected by the Participant and the Offer shall lapse and become null and void.

- 6.3 An Option may be exercised in whole or in part in the manner as set out in Clauses 10 and 12 of the New Share Option Scheme by the Grantee (or, as the case may be, his legal personal representatives) giving notice in writing to the Company in such form as the Board may from time to time determine stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price of the Shares in respect of which the notice is given together with the reasonable administration fee specified by the Company from time to time. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the auditors' certificate or the confirmation of the independent financial adviser of the Company (as the case may be) pursuant to Clause 14, the Company shall issue and allot the relevant Shares, fully paid, to the Grantee (or his legal personal representatives).
- 6.4 There is no performance target which must be achieved before any of the Options can be exercised, unless otherwise determined by the Board.

## 7. RESTRICTION TO MAKE AN OFFER

- 7.1 No Offer may be made after a price sensitive event of the Group has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the GEM Listing Rules. No Option may be granted during the period commencing one month immediately preceding the earlier of:-
- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and
  - (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules).
- 7.2 Further to the above restrictions, no option may be granted on any day on which financial results of the Company are published and:
- (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

#### **8. SUBSCRIPTION PRICE FOR SHARES**

The Subscription Price shall be a price solely determined by the Board and notified to a Participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

#### **9. LIFE OF THE NEW SHARE OPTION SCHEME**

Subject to Clause 16, the New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is conditionally adopted by the Company at the AGM.

#### **10. RANKING OF SHARES**

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any Option shall not carry any voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

#### **11. TRANSFERABILITY OF OPTIONS**

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option (where the Grantee is a company, any change of its major shareholder or any substantial change in its management will be deemed to be a sale or transfer of interest as aforesaid). Any breach of these restrictions will automatically render the Options lapsed.

## 12. RIGHTS ATTACHING TO OPTIONS

### 12.1 Rights on ceasing employment

In the event that the Grantee is an employee of the Group when an Offer is made to him and he subsequently ceases to be an employee of the Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in Clause 13(d), the Option (to the extent not already exercised) shall lapse on the expiry of 3 months after the date of cessation of such employment (which date will be the last actual working day with the Company or the relevant member of the Group whether salary is paid in lieu of notice or not);

### 12.2 Rights on death

In the event that the Grantee (being an individual) dies before exercising the Option in full, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement (to the extent which has become exercisable and not already exercised) within the period of 12 months following his death provided that where any of the events set out in Clauses 12.4, 12.5 and 12.6 occurs prior to his death or within such period of 6 months following his death, then his personal representative(s) may so exercise the Option within such of the various periods respectively set out in such clauses and provided further that if within a period of 3 years prior to the Grantee's death, the Grantee had committed any of the acts as specified in Clause 13(d) which would have entitled the Company to terminate his employment prior to his death, the Board may at any time forthwith terminate the Option of the Grantee (to the extent not already exercised) by written notice to his legal personal representatives;

### 12.3 Rights on dismissal

In the event that the Grantee is an employee of the Group when an Offer is made to him and he subsequently ceases to be an employee by reason of a termination of his employment on one or more of the grounds specified in this Clause 13(d) and the Grantee has exercised the Option in whole or in part pursuant to Clause 6.3, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares in respect of the purported exercise of such Option;

### 12.4 Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the Grantee (or where permitted under

Clause 12.1, his legal personal representatives) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 1 month after the date on which the offer becomes or is declared unconditional;

#### **12.5 Rights on winding up**

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or, where permitted under Clause 12.1, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than 2 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

#### **12.6 Rights on compromise or arrangement between the Company and its creditors**

In the event of a compromise or arrangement between the Company and the Shareholders or its creditors being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Law of the Cayman Islands, the Company shall give notice thereof to all the Grantees on the same day as it gives notice of the meeting to the Shareholders or its creditors to consider such a compromise or arrangement and the Options (to the extent not already exercised) shall become exercisable in whole or in part not later than 2 business days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (the "Suspension Date"), by giving notice in writing to the Company in accordance with Clause 6, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the Grantee credited as fully paid. With effect from the Suspension Date, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options under this Clause shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved

by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of this Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of the Company or any of its officers;

### 13. LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in Clauses 12.1, 12.2, 12.4, 12.6, 12.7;
- (c) subject to Clause 12.5, the date of the commencement of the winding-up of the Company;
- (d) in the event that the Grantee is an employee of the Group when an Offer is made to him and he subsequently ceases to be an employee of the Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Group, the date of cessation of his employment with the Group. A resolution of the Board or the board of directors of the relevant member of the Group to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 13(d) shall be conclusive and binding on the Grantee;
- (e) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the Grantee, or conviction of the Grantee of any criminal offence involving his integrity or honesty; and
- (f) the date on which the Grantee commits a breach of Clause 11.

**14. REORGANIZATION OF CAPITAL STRUCTURE**

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is party), such corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the Option so far as unexercised; and/or
- (b) the Subscription Prices.

as the Auditors shall certify in writing or the independent financial adviser shall confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a Grantee the same proportion of the issued share capital of the Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a share to be issued at less than its nominal value.

The capacity of the auditors or the independent financial adviser (as the case may be) in this Clause 14 is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Grantees. The costs of the auditors or the independent financial adviser (as the case may be) shall be borne by the Company.

**15. CANCELLATION OF OPTIONS**

Any cancellation of Options granted but not exercised may be effected on such terms as may be agreed with the relevant Participant, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation, provided nothing in Clause 16 of the New Share Option Scheme shall prevent the Company from granting new Options to the relevant Participant under the Scheme with available unissued Option (excluding the cancelled Options) within the limit set out in Clauses 3.1 to 3.4 above.

**16. TERMINATION OF THE NEW SHARE OPTION SCHEME**

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but Options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the New Share Option Scheme.

**17. ALTERATION OF THE NEW SHARE OPTION SCHEME**

17.1 The Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Share Option Scheme as to:

- (a) the definitions of “Participant” and “Grantee” and “Option Period” in Clause 1.01; and
- (b) the provisions of Clauses 1, 2, 3, 4, 5, 6, 8, 9, 11, 12, 13, 14, 15, 16 and this Clause 17;

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of the Shareholders by a resolution in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles of the Company for a variation of the rights attached to the Shares.

17.2 Any alterations to the terms and conditions of the New Share Option Scheme, which are of a material nature, or any change to the terms of Option granted, or any change to the authority of the Board in respect of alteration of the New Share Option Scheme, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

17.3 Notwithstanding anything to the contrary contained in Clauses 17.1 and 17.2, the Board may at any time alter or modify the New Share Option Scheme in any way to the extent necessary to cause the New Share Option Scheme to comply with any statutory provisions or the regulations of any regulatory or other relevant authority. Any amendment to any terms of the New Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules.

*This is an explanatory statement given to all Shareholders relating to the resolution no. 5(B) to be proposed at the AGM regarding the general mandate to repurchase Shares.*

*The explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules.*

## **1. EXERCISE OF THE GENERAL MANDATE TO REPURCHASE SHARES**

As at the Latest Practicable Date, there were 6,788,649,000 Shares in issue representing an issued share capital of HK\$67,886,490.00. As at the Latest Practicable Date, the MCL Convertible Bonds with the principal amount of HK\$363,880,000.00 were outstanding, which may be convertible into 3,638,800,000 Shares.

If the resolution no. 5(C) authorising the Directors to repurchase Shares is passed at the forthcoming AGM, and assuming that none of the outstanding MCL Convertible Bonds is converted and no further Shares is issued, allotted or repurchased by the Company prior to the date of passing the said resolution, based on the 6,788,649,000 Shares in issue as at the Latest Practicable Date, up to 678,864,900 Shares, representing 10% of the existing issued share capital of the Company may be repurchased by the Company, during the period from the date of passing the resolution no. 5(C) and ending on either the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by the Articles of the Company or applicable laws of the Cayman Islands or the date upon which the resolution no. 5(C) is revoked or varied by the Shareholders at a general meeting of the Company (whichever is the earliest).

## **2. REASONS FOR REPURCHASE OF SHARES**

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market at any appropriate time. Such repurchase may, depending on market conditions and funding arrangements at that time, lead to enhancement of the net assets value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

## **3. FUNDING OF REPURCHASE OF SHARES**

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of the Company, the GEM Listing Rules and the laws of the Cayman Islands and Hong Kong. The Company may not repurchase the Shares on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

It is envisaged that the funds required for any repurchase of the Shares would be derived from the capital paid up on the Shares being repurchased and from the distributable profits of the Company.

#### 4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the financial statements contained in the annual report of the Company for the year ended 31 December 2011) in the event that the proposed repurchase of Shares was to be carried out in full at any time during the proposed repurchase period. However, the Directors expect to exercise such mandate if and to such extent only as they are satisfied that the exercise thereof will not have such a material adverse impact.

#### 5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months prior to the Latest Practicable Date were as follows:

Month	Traded Prices Per Share	
	Highest HK\$	Lowest HK\$
<b>2011</b>		
March	0.157	0.074
April	0.148	0.111
May	0.143	0.121
June	0.123	0.088
July	0.099	0.070
August	0.082	0.049
September	0.051	0.030
October	0.067	0.035
November	0.071	0.044
December	0.064	0.048
<b>2011</b>		
January	0.054	0.039
February	0.042	0.027
March (up to and including the Latest Practicable Date)	0.046	0.028

#### 6. CODE ON TAKEOVERS AND MERGERS

If, as a result of the repurchase of the Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, could, depending on the level of increase of shareholding interest, obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the substantial shareholders of the Company were as follows:

Name of the Shareholders	No. of the Shares interested in	Approximate percentage of the existing shareholding (%)	Approximate percentage of the shareholding if exercised in full the power to repurchase (%)
MCL	1,277,680,000	18.82	20.91
Merdeka Finance Group Limited ( <i>Note 1</i> )	1,277,680,000	18.82	20.91
Lai Wing Hung ( <i>Notes 1 and 2</i> )	1,352,680,000	19.93	22.14
Manistar	1,331,764,070	19.62	21.80
CCT Capital International Holdings Limited ( <i>Note 3</i> )	1,331,764,070	19.62	21.80
CCT Telecom ( <i>Note 3</i> )	1,331,764,070	19.62	21.80
Mak Shiu Tong, Clement ( <i>Note 4</i> )	1,331,764,070	19.62	21.80

*Notes:*

- The 1,277,680,000 Shares were held by MCL, a subsidiary of Merdeka Finance Group Limited which is deemed to be interested in such Shares under the SFO as it is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of MCL through its shareholdings of 70% of the total issued share capital in MCL as at the Latest Practicable Date.
- Of the shareholdings in which Mr. Lai Wing Hung was interested, 1,277,680,000 Shares were held by MCL. Mr. Lai Wing Hung is deemed to be interested in such Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of MCL through his 30% personal shareholdings in MCL and through his 100% shareholdings in Merdeka Finance Group Limited, which in turn held 70% shareholdings in MCL as at the Latest Practicable Date. The remaining 75,000,000 Shares were beneficially owned by Mr. Lai Wing Hung personally.
- The Shares were held by Manistar, which is wholly-owned by CCT Capital International Holdings Limited which in turn is a wholly-owned subsidiary of CCT Telecom.
- The interest disclosed represents 1,331,764,070 Shares beneficially held by Manistar. Mr. Mak Shiu Tong, Clement is deemed to be interested in such Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom through his controlling interest in the shareholding of CCT Telecom as at the Latest Practicable Date.

In the event that the Directors shall exercise in full the power to repurchase Shares in accordance with the terms of the resolution no. 5(C) to be proposed at the AGM and assuming none of the outstanding MCL Convertible Bonds is converted and no further Shares is issued, allotted or repurchased by the Company prior to the AGM, the total interests of the above substantial shareholders of the Company would be increased to the respective approximate percentages shown in the last column above. Such increase will result in the shareholding of MCL being increased from 18.82% to 20.91% and the shareholding of Mr. Lai Wing Hung will be deemed to be increased from 19.93% to 22.14% and the shareholding of Manister being increased from 19.60% to 21.80%, MCL and Manister and their respective associates will be presumed to be parties acting in concert as defined by the Takeover Code and give rise to an obligation to make a mandatory offer under the Takeover Code unless the contrary is established.

Save as disclosed above and based on information known to date, the Directors are not aware of any other consequence which would arise under the Takeovers Code as a result of such repurchases. The Directors have no present intention to exercise the power to repurchase Shares to such extent as would, in the circumstances, trigger off any potential consequence under the Takeovers Code. However, the Company may not repurchase the Shares which would result in the amount of the Shares held by the public being reduced to less than 25%.

#### **7. CONNECTED PERSONS**

No connected person has notified the Company that it has a present intention to sell any of the Shares to the Company, or has undertaken not to do so, if the general mandate to repurchase Shares is exercised.

#### **8. DIRECTORS**

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates have any present intention to sell any of the Shares to the Company or its subsidiaries if the general mandate to repurchase Shares is exercised.

The Directors have undertaken to the Stock Exchange that they will exercise the general mandate to repurchase Shares should it be granted at the forthcoming AGM, in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands, the jurisdiction in which the Company was incorporated.

#### **9. REPURCHASED SHARES**

The Company has made no repurchases of its own Shares (whether on the GEM or otherwise) in the six months preceding the Latest Practicable Date.

<b>APPENDIX III      BIOGRAPHICAL DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED</b>
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*The following are the biographical details of the Directors (as required by the GEM Listing Rules) proposed to be re-elected at the AGM.*

**Mr. Fung Hoi Wing, Henry**, aged 56, has served as an INED of the Company since April 2006 and is a member of both the Audit Committee and the Remuneration Committee. He is a Solicitor of Messrs. Fung, Wong, Ng & Lam, Solicitors and Notaries of Hong Kong. He graduated from the University of Hong Kong in 1976 with a Bachelor's degree in Social Sciences. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1981. In addition, he is a Notary Public and a China-Appointed Attesting Officer. He has also served as an INED of Global Energy Resources International Group Limited, a company listed on the GEM since 12 January 2010. Mr. Fung was also an INED of Haier Electronics Group Co., Ltd., a company listed on the Main Board of the Stock Exchange until his resignation on 21 June 2007.

Save as disclosed above, Mr. Fung did not hold any directorship in any listed public company in the past three years and does not hold any other positions within the Group.

Mr. Fung has not been appointed for a fixed term but is subject to retirement by rotation and re-election in accordance with the Articles of the Company. The emolument of Mr. Fung is a basic director's fee of HK\$5,000 per month, which is determined by the Board with reference to the prevailing market rate.

Mr. Fung does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Fung has interests in 550,000 Shares. Save as disclosed above, as at the Latest Practicable Date, Mr. Fung has no other interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations.

There is no information which should be disclosed under Rule 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Mr. Fung involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

**Mr. LAU Ho Wai, Lucas**, aged 49, has served as an INED of the Company since April 2006 and is a member of both the Audit Committee and the Remuneration Committee. He is a fellow of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. He is also a Registered Professional Surveyor and a practicing chartered surveyor in Hong Kong. He has a Bachelor's degree in Land Economy, a Master's degree in Urban Design, a Bachelor's degree in Laws, a Master's degree in Laws (International Business Law) and a Master's degree of Science in Applied Accounting and Finance and has over 20 years of professional experience in the real estate and finance fields.

Save as disclosed above, Mr. Lau did not hold any directorship in any listed public company in the past three years and does not hold any other positions within the Group.

<b>APPENDIX III</b>	<b>BIOGRAPHICAL DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED</b>
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Mr. Lau has not been appointed for a fixed term but is subject to retirement by rotation and re-election in accordance with the Articles of the Company. The emolument of Mr. Lau is a basic director's fee of HK\$5,000 per month, which is determined by the Board with reference to the prevailing market rate.

Mr. Lau does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Lau has no interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations.

There is no information which should be disclosed under Rule 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Mr. Lau involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

**Mr. MA Hang Kon, Louis**, aged 49, joined the Group in 2008, is an executive director, CEO, member of the remuneration committee, compliance officer, authorized representative and agent for service of process in Hong Kong of the Company and a director of the relevant subsidiaries of the Company.

Mr. Ma is primarily responsible for the corporate planning, overall strategic direction of the Group and taking a leading role in managing and overseeing the day-to-day operations of the businesses of the Group. He is also responsible for managing the finance and accounting, compliance and company secretarial functions of the Group. Mr. Ma has over 25 years of working experience, mainly in the petrochemical and electronics industries in the United States and in the Asia Pacific region. He is experienced in starting up operations including building an infrastructure of manufacturing facilities in the Asia Pacific, in leading mergers and acquisitions, and in rapidly growing business in new geographic locations. He has also acquired management experience in the forestry business of the Group in Indonesia during the period of his former employment with the Group. Mr. Ma is a member of each of The American Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Secretaries and Administrators. He graduated from the Kellogg School of Business, Northwestern University in the United States and the Hong Kong Polytechnic (the predecessor of The Hong Kong Polytechnic University).

Save as disclosed above, Mr. Ma did not hold any directorship in any listed public company in the past three years and does not hold any other positions within the Group.

<b>APPENDIX III</b>	<b>BIOGRAPHICAL DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED</b>
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Mr. Ma has entered into a two-year service agreement with the Company with effect from 23 November 2010, pursuant to which Mr. Ma is entitled to a monthly basic salary of HK\$148,300 and a monthly rental reimbursement of HK\$35,000 by reference to his individual performance, prevailing economic situation and market practice, and discretionary bonus for each completed year of service with the Company which will be determined at the sole and absolute discretion of the Board. Mr. Ma's appointment is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of the Company.

Mr. Ma does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Ma has personal interests in 9,800,000 Shares. Save as disclosed above, as at the Latest Practicable Date, Mr. Ma has no other interests (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company and/or its associated corporations.

There is no information which should be disclosed under Rule 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed above, there is no information which should be disclosed nor is/was Mr. Ma involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

# 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 the annual general meeting of the shareholders of Merdeka Resources Holdings Limited (the “Company”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 3 May 2012 at 10:00 a.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the audited consolidated financial statements, the report of the directors and the auditors of the Company for the year ended 31 December 2011.
2. To re-elect the following persons as directors of the Company:
  - (i) Mr. Fung Hoi Wing, Henry
  - (ii) Mr. Lau Ho Wai, Lucas
  - (iii) Mr. Ma Hang Kon, Louis;

each of whom is to retire as directors at the AGM by rotation and each of whom being eligible will offer themselves for re-election.

3. To authorise the board of directors to fix the remuneration of the directors for the year ending 31 December 2012.
4. To re-appoint Messrs Crowe Horwath (HK) CPA Limited as auditors and to authorise the board of directors to fix the remuneration of the auditors.

\* For identification purpose only

## NOTICE OF THE AGM

5. To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

(A) **“THAT:**

- (i) subject to and conditional upon the Stock Exchange of Hong Kong Limited granting and agreeing to grant approval of the listing of and permission to deal in the shares (“Shares”) of HK\$0.01 each in the capital of the Company to be issued and allotted by the Company under the new share option scheme of the Company (the “New Share Option Scheme”), the rules of which are set out in a document submitted to the meeting marked “A” and signed for the purpose of identification by the chairman of the meeting, the New Share Option Scheme be and is hereby approved and adopted as the Company’s share option scheme and the directors of the Company (“Directors”) be and are hereby authorised to take all such steps as they may deem necessary, desirable or expedient to carry into effect, vary or amend the New Share Option Scheme subject to the terms of the New Share Option Scheme and Chapter 23 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited; and
- (ii) the Directors be and are hereby authorised to grant options to subscribe for Shares in accordance with the rules of the New Share Option Scheme up to a maximum of 10 per cent. of the Shares in issue as at the date of passing of this resolution (but the Company may seek approval of its shareholders in general meeting for refreshing the 10% limit under the New Share Option Scheme and the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the relevant class of the issued share capital of the Company from time to time), to issue and allot Shares pursuant to the exercise of the options so granted, to administer the New Share Option Scheme in accordance with its terms and to take all necessary actions incidental thereto as the Directors deem fit.”

(B) **“THAT:**

- (i) subject to paragraph (iii) of this resolution and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the share capital of the Company or options, warrants, or similar rights to subscribe for

## NOTICE OF THE AGM

any shares and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company), which might require the exercise of such powers be and is hereby generally and unconditionally approved;

- (ii) the approval in paragraph (i) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined), or (b) the grant or exercise of rights of conversion under any securities which are convertible into shares of the Company, or (c) any scrip dividend scheme or similar arrangements providing for the allotment of shares in lieu of the whole or a part of a dividend on shares of the Company pursuant to the articles of association of the Company from time to time, or (d) the grant or exercise of any options granted under any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries of options to subscribe for, or rights to acquire, shares of the Company, shall not in aggregate exceed 30 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

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“Rights Issue” means the allotment or issue of shares in the share capital of the Company pursuant to an offer of shares open for a period fixed by the Directors made to holders of shares of the Company or any class thereof whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(C) **“THAT:**

- (i) subject to paragraph (iii) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own issued shares in the share capital of the Company on GEM of the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange in accordance with all the applicable laws and the requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (as amended from time to time) or of any other stock exchange, be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period (as hereinafter defined) to procure the Company to repurchase its shares at a price determined by the Directors;
- (iii) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (i) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;

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- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
  - (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- (D) “**THAT** conditional upon the resolutions numbered 5(B) and 5(C) in the notice convening this meeting being passed, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to resolution numbered 5(B) in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares repurchased by the Company under the authority granted pursuant to the said resolution numbered 5(C).”

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

Hong Kong, 28 March 2012

*Notes:*

1. Any shareholder entitled to attend and vote at the annual general meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the annual general meeting (or any adjournment thereof).
3. Completion and delivery of a form of proxy shall not preclude a shareholder from attending and voting in person at the annual general meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any shares, any one of such joint holders may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the annual general 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 register of members of the Company.

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5. With respect to the resolution set out in resolution numbered 2 of this notice, Mr. Ma Hang Kon, Louis is an executive director, Mr. Fung Hoi Wing, Henry and Mr. Lau Ho Wai, Lucas are independent non-executive directors of the Company, and each of them being eligible, will offer themselves for re-election at the AGM. Biographical details of the above Directors are set out in the circular of the Company which will be sent to the shareholders of the Company.
6. With respect to the resolutions set out in resolutions numbered 5(B) and 5(D) of this notice, approval is being sought from the shareholders for the general mandates to be given to the Directors to allot, issue and deal with new shares of the Company.
7. With respect to the resolution set out in resolution numbered 5(C) of this notice, approval is being sought from the shareholders for a general mandate to be given to the Directors to repurchase the shares of the Company. An explanatory statement containing further information with respect to such resolution will be sent to the shareholders of the Company.