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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)

ANNOUNCEMENT RELATING TO SUPPLEMENTAL AGREEMENT REGARDING VERY SUBSTANTIAL ACQUISITION

Reference is made to the announcements of Merdeka Resources Holdings Limited (the “Company”) dated 25 September 2012 (the “Announcement”), 10 October 2012 (the “Clarification Announcement”), 27 November 2012 (the “First Delay Despatch Announcement”), 31 December 2012 (the “Long Stop Date Announcement”), 31 January 2013, 31 March 2013, 28 June 2013 and 30 September 2013 (the “Delay Dispatch Announcements”) in relation to, inter alia, the proposed acquisition of 70% issued share capital of Ever Hero Group Limited. Terms used herein shall have the same meanings as those defined in the Announcement unless the context herein requires otherwise.

THE SUPPLEMENTAL AGREEMENT

On 9 October 2013, the Purchaser entered into a supplemental agreement with the Vendor to revise certain terms of the Acquisition Agreement (the “Supplemental Agreement”). The principal amendments contemplated under the Supplemental Agreement are set out below:

Revised Sale Shares

Pursuant to the Supplemental Agreement, the Sale Shares of issued share capital of the Target Company was increased from 70% to 100%. Upon the completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement (“Completion”), the Target Company will become a wholly-owned subsidiary of the Purchaser.

* *For identification purposes only*

Payment of Consideration

Pursuant to the Supplemental Agreement, the Consideration shall be satisfied by the Company in the following manner:

- (i) the total consideration payable to the Vendor was reduced from HK\$100 million to HK\$80 million;
- (ii) the consideration that shall be settled by way of Promissory Note to be issued by the Company on Completion was increased from HK\$45 million to HK\$60 million;
- (iii) the consideration of HK\$35 million that shall be settled by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion was rescinded; and
- (iv) the Purchaser shall satisfy the remaining Consideration of HK\$20 million in cash to the Vendor as refundable deposit upon entering into the Acquisition Agreement.

Revised terms of Vendor's guarantee

Pursuant to the Supplemental Agreement, the Purchaser and the Vendor have agreed to change the period of the profit guarantee from for the years ending 31 December 2012 and 2013 to for the years ending 31 December 2013 and 2014. The Vendor has given to and for the benefit of the Purchaser a profit guarantee of not less than HK\$10,000,000 of net profit for each of the two years ending 31 December 2012 and 2013 was adjusted to not less than HK\$5,000,000 and HK\$8,000,000 of net profits respectively for the years ending 31 December 2013 and 2014.

The Purchaser shall prepare a statement of the audited net profit before taxation and before extraordinary items of the Hong Kong Company in accordance with Hong Kong Financial Reporting Standards and deliver to the Vendor with 90 Business Days after publication by the Group of its consolidated financial results for the full years ending 31 December 2013 and 2014.

In the event that the audited net profit before taxation and before extraordinary items of the Hong Kong Company is less than HK\$5,000,000 and HK\$8,000,000 respectively for the years ending 31 December 2013 and 2014, the amount payable by the Purchaser on redemption of the Promissory Note shall be reduced on a dollar for dollar basis by the amount in which the net profit before taxation and before extraordinary items of the Hong Kong Company is less than HK\$5,000,000 and HK\$8,000,000 respectively for the years ending 31 December 2013 and 2014. In the event that the Hong Kong Company is loss making for the years ending 31 December 2013 and 2014, the maximum amount to be deducted from the Promissory Note will be HK\$13,000,000. No limitation has been imposed on the audited net profit before taxation and before extraordinary items to be derived from the ordinary and usual course of business of the Hong Kong Company.

Revised condition precedent

Pursuant to the Supplemental Agreement, the Purchaser and the Vendor further agreed to amend a condition precedent such that the valuation report on the Target Company issued by a valuer nominated by the Purchaser, showing the valuation of the entire Target Company shall be changed from being not less than HK\$150,380,000 to being not less than HK\$106,000,000 to the satisfaction of the Purchaser.

Save as disclosed above, all other terms and conditions of the Acquisition Agreement shall remain in full force and effect.

Reasons for the amendments to terms of Acquisition Agreement

As the Group has been actively seeking opportunities to improve its profitability, the Directors consider that such Acquisition represents a good opportunity for the Company to enter into information system industry due to (i) the Target Company has developed a solid reputation and basis in the multi-media gaming industry in Hong Kong; (ii) the increasing trend in the use of information systems for both households and business establishments in accordance to the report published by Census and Statistics Department of Hong Kong named “Hong Kong as an Information Society 2013 Edition”, which implies a prosperous future in the information system industry in Hong Kong.

In view of the potential in the information system industry in Hong Kong, the Group has decided to increase the Sale Shares of issued share capital of the Target Company despite the fact that the information system industry in Hong Kong has also been adversely affected by the global economy which is still under the shake off by the fallout from the crisis of 2008-2009.

Taking into the short term impact on the information system industry in Hong Kong from the global economy crisis, the Group agreed to adjust profit guarantee downward with the decrease of the total consideration payable to the Vendor. The adjustment in the level of profit guarantee is considered to be achievable and maintain the motivation of the management of the Target Company which is considered to be more beneficial to the long-term development of the Company. In view of the factors above, the Directors consider that the amendments to the terms of Acquisition Agreement are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

As stated in the Delay Despatch Announcements, a circular containing, among other things, (i) further details of the Acquisition (as amended by the Supplemental Agreement) and the transactions contemplated thereunder; (ii) other information as required under the GEM Listing Rules; and (iii) the notice convening the EGM, is expected to be despatched to the Shareholders on or before 31 December 2013.

As completion of the Acquisition is subject to the fulfillment of a number of conditions precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing with the Shares.

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

Hong Kong, 9 October 2013

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

Executive Directors:

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

Mr. Lau Chi Yan, Pierre (*Managing Director*)

Mr. Ma Hang Kon, Louis

Non-executive Director:

Mr. Wong Chi Man

Independent Non-executive Directors:

Ms. Yeung Mo Sheung, Ann

Mr. Ng Kay Kwok

Mr. Yip Kat Kong, Kenneth

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

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