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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



東方滙財證券有限公司
ORIENT SECURITIES LIMITED

THE PLACING

After trading hours on 21 February 2014, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 77,000,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties at a price of HK\$0.171 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the EGM held on 29 January 2014.

The maximum number of 77,000,000 Placing Shares represents: (i) approximately 14.37% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.56% of the issued share capital of the Company as enlarged by the Placing (assuming the Placing is completed in full and there is no other change in the issued share capital of the Company). The aggregate nominal value of the Placing Shares under the Placing (assuming the Placing is completed in full) will be HK\$770,000.

* For identification purpose only

Assuming all the Placing Shares under the Placing Agreement have been placed, the gross proceeds from the Placing will be approximately HK\$13.17 million and the net proceeds will be approximately HK\$12.56 million (after deduction of commission and other expenses of the Placing). It is expected that the entire net proceeds from the Placing will be applied to strengthen the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities.

The Placing Price of HK\$0.171 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents: (i) a discount of approximately 16.99% to the closing price of HK\$0.206 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.72% to the average of the closing prices of approximately HK\$0.213 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

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The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to any Shareholders' approval.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date:

21 February 2014

Issuer:

The Company

Placing Agent:

Orient Securities Limited

The Placing Agent has conditionally agreed to place up to 77,000,000 Placing Shares, on a best endeavour basis, to the Placees. The Placing Agent will receive a placing commission of 2.5% of the aggregate Placing Price of the Placing Shares actually placed by the Placing Agent on behalf of the Company. Such placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent on normal commercial terms and with reference to the prevailing market condition.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees:

The Placing Shares are to be placed to not less than six Placees, who and whose ultimate beneficial owners, will be Independent Third Parties. The Placing Agent undertook that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company. If any of the Placees becomes a substantial shareholder of the Company after the completion of the Placing, further announcement will be made by the Company.

Placing Price:

The Placing Price of HK\$0.171 per Placing Share represents:

- (i) a discount of approximately 16.99% to the closing price of HK\$0.206 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.72% to the average of the closing prices of approximately HK\$0.213 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other matters, the prevailing market prices of the Shares and the capital requirement for the future development of the Group.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares under the Placing Agreement have been placed, the gross proceeds from the Placing will be approximately HK\$13.17 million and the net proceeds will be approximately HK\$12.56 million (after deduction of commission and other expenses of the Placing). The net issue price of the Placing Shares will be approximately HK\$0.163 per Placing Share.

Placing Shares:

The maximum number of 77,000,000 Placing Shares represents: (i) approximately 14.37% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.56% of the issued share capital of the Company as enlarged by the Placing (assuming the Placing is completed in full and there is no other change in the issued share capital of the Company). The aggregate nominal value of the Placing Shares under the Placing (assuming the Placing is completed in full) will be HK\$770,000.

Ranking:

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Condition of the Placing:

Completion of the Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement on or before 21 March 2014 or such later date as the Company and the Placing Agent may agree in writing (“**Long Stop Date**”).

If the above condition is not satisfied on or before the Long Stop Date, the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and none of the Placing Agent or the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of any antecedent breaches of any obligation thereunder).

Completion:

Completion of the Placing shall take place on the third business day after the fulfilment of the above condition or on such other date as the Company and the Placing Agent may agree in writing.

Mandate to allot and issue the Placing Shares:

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the EGM held on 29 January 2014. Under the General Mandate, the Company is authorised to issue up to 77,170,043 Shares. The Company has not exercised the General Mandate prior to the date of the Placing Agreement.

The allotment and issue of the Placing Shares is not subject to the Shareholders' approval.

Force majeure:

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 8:00 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in all announcements, circulars, quarterly, interim and annual reports issued by the Company since the publication of the annual results of the Company for the year ended 31 December 2012 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

The Directors are of the view that the Placing can improve the gearing ratio and strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

As disclosed above, the maximum gross proceeds from the Placing will be approximately HK\$13.17 million and the maximum net proceeds will be approximately HK\$12.56 million (after deduction of commission and other expenses of the Placing). It is expected that the entire net proceeds from the Placing will be applied to strengthen the general working capital base of the Company to finance its business development and/or to finance any future investment opportunities.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

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

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

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

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon completion of the Placing (assuming all the Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the issue of the Placing Shares under the Placing) are set out as below:

Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Cheung Wai Yin, Wilson (<i>note 1</i>)	52,797,500	9.85	52,797,500	8.62
Lau Chi Yan, Pierre (<i>note 2</i>)	2,125,000	0.40	2,125,000	0.35
Manistar Enterprises Limited	33,294,101	6.21	33,294,101	5.43
The Places	–	–	77,000,000	12.56
Other public Shareholders	<u>447,633,614</u>	<u>83.54</u>	<u>447,633,614</u>	<u>73.04</u>
Total	<u>535,850,215</u>	<u>100.00</u>	<u>612,850,215</u>	<u>100.00</u>

notes:

1. The interests disclosed include 52,500,000 Shares held by Ivana Investments Limited, which is wholly owned by Mr. Cheung Wai Yin, Wilson who is a Director. The remaining 297,500 Shares are held by Mr. Cheung Wai Yin, Wilson personally.
2. Mr. Lau Chi Yan, Pierre is a Director.

GENERAL

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Company”	Merdeka Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 29 January 2014 at which, among other things, the General Mandate was granted to the Directors
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the EGM to allot, issue or otherwise deal with additional Shares
“Group”	the Company and its subsidiaries
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates

“Placee(s)”	any individual, corporate and/or institutional investors or other investors to be procured by the Placing Agent under the Placing
“Placing”	the offer by way of private placing of the Placing Shares by the Placing Agent to the Placee(s), on a best endeavour basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Orient Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 21 February 2014 in relation to the Placing
“Placing Price”	HK\$0.171 per Placing Share
“Placing Shares”	a maximum of 77,000,000 new Shares to be placed pursuant to the Placing Agreement, and each a “Placing Share”
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 21 February 2014

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

Executive Directors:

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

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

Non-executive Director:

Mr. Wong Chi Man

Independent non-executive Directors:

Ms. Yeung Mo Sheung, Ann

Mr. Ng Kay Kwok

Mr. Yip Kat Kong, Kenneth

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

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