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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)

SHARE TRANSACTION INVOLVING ISSUE OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 19 July 2012 (after trading hours), MRI entered into the Agreement with the Seller in relation to the Transaction.

The Consideration of HK\$6,000,000 shall be satisfied by the allotment and issue of 400,000,000 Consideration Shares by the Company to the Seller or its nominee(s). The Consideration Shares will be allotted and issued under the general mandate granted to the Directors to allot and issue up to 1,357,729,800 new Shares by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 May 2012.

The Consideration Shares represent approximately 4.89% of the existing issued share capital of the Company and approximately 4.66% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming that no conversion of the outstanding Share Options and conversion rights attached to the MCL Convertible Bonds from the date of the Agreement till the Effective Date).

As the applicable percentage ratios in respect of the Transaction and the entering into of the Agreement under Rule 19.07 of the GEM Listing Rules are less than 5% and as the Transaction and the entering into of the Agreement involve issue of Shares, the Transaction and the entering into of the Agreement only constitute a share transaction for the Company under Chapter 19 of the GEM Listing Rules.

** for identification purposes only*

THE AGREEMENT

The Board is pleased to announce that on 19 July 2012 (after trading hours), MRI (an indirect wholly owned subsidiary of the Company) and the Seller entered into the Agreement in relation to the Transaction.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s) are independent third parties who are not connected person(s) of the Company as defined in the GEM Listing Rules and are independent of the Company and connected person(s) of the Company.

PRINCIPAL TERMS OF THE AGREEMENT

The Agreement provides, inter alia,

1. MRI agrees and makes an irrevocable commitment to purchase and the Seller agrees and makes an irrevocable commitment to sell the Products;
2. The total contract price is HK\$6,000,000 equivalent to HK\$7.5 per metric tonne of tailings;
3. MRI shall effect payment of the consideration to the Seller in full within one month from the Effective Date by procuring the allotment and issuance of the Consideration Shares by the Company to the Seller or its nominee(s);
4. The total quantity of 800,000 metric tonnes shall be shipped within a maximum period of 24 months;
5. The Agreement shall become effective on the Effective Date;
6. MRI is allowed a maximum of 24 months from the Effective Date to take delivery of the Products made available by the Seller. Any Products the delivery of which is not being taken within 24 months from the Effective Date shall be absolutely forfeited to the Seller; and
7. If the Seller failed to deliver the Products to MRI in accordance with the Agreement, within the 24 month from the Effective Date, the Seller shall compensate MRI with liquidated damages of HK\$15 per metric tonne of the Products that the Seller fails to deliver to MRI.

CONSIDERATION

According to the Agreement, the consideration payable by MRI to the Seller for the purchase of the Products under the Agreement shall be HK\$6,000,000 which shall be satisfied by the allotment and issuance of 400,000,000 Consideration Shares by the Company to the Seller or its nominee(s) at the Issue Price and credited as fully paid upon allotment and will not be subject to any restrictions to subsequent sale thereof.

The consideration has been determined after arm's length negotiation between the Company and the Seller.

The Consideration Shares will be allotted and issued under the general mandate granted to the Directors to allot and issue up to 1,357,729,800 new Shares by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 May 2012.

The Consideration Shares represent approximately 4.89% of the existing issued share capital of the Company and approximately 4.66% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming that no conversion of the outstanding Share Options and conversion rights attached to the MCL Convertible Bonds from the date of the Agreement till the Effective Date).

The Consideration Shares will, upon issue and credited as fully paid, rank *pari passu* in all respect with all the existing Shares then in issue. The number of the Consideration Shares has been calculated by dividing HK\$6,000,000 by the Issue Price.

ISSUE PRICE

The Issue Price of the Consideration Shares at HK\$0.015 per Share was determined based on arm's length negotiation between the Company and the Seller with reference to the prevailing market price of the Shares, and represents:

- (a) a premium of approximately 7.14% over the closing price of HK\$0.014 per Share as quoted on the Hong Kong Stock Exchange on 19 July 2012, being the last trading day of the Shares prior to the date of the Agreement; and
- (b) a premium of approximately 1.35% over the average closing price of approximately HK\$0.0148 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 19 July 2012, being the last trading day of the Shares prior to the date of the Agreement.

The Directors are of the view that the Consideration including the Issue Price for the Consideration Shares is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

CONDITIONS PRECEDENT

The Agreement is conditional upon the fulfilment of the following Conditions Precedent:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares; and
- (b) compliance with all the necessary requirements under the GEM Listing Rules for issue and allotment of the Consideration Shares by the Company.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

GENERAL

The Company has been engaged in timber business including the upstream operations of harvesting timber and the downstream operations of production of timber and wood products, plantation business and trading business.

The Seller is a company incorporated in the Republic of Indonesia and is engaged in mining service business.

The Transaction provides an opportunity for the Company to diversify into a new stream of income generating business and the Directors believe that the terms of the Transaction are fair and reasonable and in the interest of the Shareholders as a whole.

As the applicable percentage ratios in respect of the Transaction and the entering into of the Agreement under Rule 19.07 of the GEM Listing Rules are less than 5% and as the Transaction and the entering into of the Agreement involve issue of Shares, the Transaction and the entering into of the Agreement only constitute a share transaction for the Company under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context does not permit or otherwise requires, the following terms shall have the following meanings:

“Agreement”	the sale and purchase contract dated 19 July 2012 entered into between the Seller and MRI with respect to the Transaction
“Board”	the board of Directors
“Company”	MERDEKA RESOURCES HOLDINGS LIMITED, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration Shares”	400,000,000 new Shares to be allotted and issued by the Company to the Seller (or its nominee(s)) at the Issue Price to satisfy the Consideration for the Transaction
“Director(s)”	directors of the Company
“Effective Date”	The next business day after the Stock Exchange has granted the listing of, and permission to deal in, the Consideration Shares
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	HK\$0.015 per share
“MCL Convertible Bonds”	The convertible bonds issued by the Company to MERDEKA COMMODITIES LIMITED, a substantial shareholder of the Company, on 12 August 2008 as part of consideration to acquire the forestry business. The convertible bonds, originally due on 12 August 2011 and extended to 12 August 2014, are interest-free and convertible into the Shares at the initial conversion price

of HK\$0.1 per Share (subject to adjustment according to the terms of the convertible bonds)

“MRI”	MERDEKA RESOURCES INTERNATIONAL LIMITED, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“PRC”	The People's Republic of China and, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
“Products”	800,000 (eight hundred thousand) metric tons (+/-5 %) of tailings located in and near to the city of Timika, Papua, Republic of Indonesia
“Seller”	PT GOLDENPAPUA MATERIALS, a company incorporated in the Republic of Indonesia
“Share Options”	share options of the Company granted under its existing share option scheme adopted 3 May 2012;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	The acquisition of the Products by MRI from the Seller with a total contract price of HK\$6,000,000 or equivalent to HK\$7.5 per metric tonne of the Products
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 19 July 2012

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

Executive Directors:

Mr. Ma Hang Kon, Louis (*Chairman and Chief Executive Officer*)
Professor Gong Yao Qian

Independent Non-executive Directors:

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

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

This announcement will remain on the 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> and <http://www.irasia.com/listco/hk/merdeka>.