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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)

PROPOSED CAPITAL REDUCTION AND SUB-DIVISION

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Following the Share Consolidation becoming effective, the Board once again proposes to effect the Capital Reduction pursuant to which the par value of each of the issued Shares will be reduced from HK\$0.40 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.39 per issued Shares.

Immediately following the Capital Reduction becoming effective, each authorized but unissued Share will be sub-divided into 40 New Shares with a par value of HK\$0.01 each.

At the upcoming EGM, the Company will seek the shareholders' approval on the proposed Capital Reduction and Sub-division.

GENERAL

A circular containing, among other things, further information on the Capital Reduction and the Sub-division, including the reasons and benefits for supporting the proposal and the relevant resolutions as well as the notice of the EGM will be despatched to the Shareholders as soon as practicable.

Reference is made to the announcement of Merdeka Resources Holdings Limited (the "Company") dated 5 June 2013 (the "Announcement"), the circular of the Company dated 6 June 2013 (the "Circular"), the clarification announcement dated 7 June 2013 (the "Clarification Announcement") and the further clarification announcement dated 24 June

** For identification purpose only*

2013 (the “Further Clarification Announcement”) in relation to, among other things, the Proposed Capital Reduction and Sub-division. Capitalised terms used in this announcement shall have the same meaning as defined in the Announcement, the Circular, the Clarification Announcement and the Further Clarification Announcement, unless otherwise provided herein.

PROPOSED CAPITAL REDUCTION AND SUB-DIVISION

The Board announced on 28 June 2013 that at the AGM, the special resolution set out in the AGM Notice was not passed by the Shareholders, therefore, events set forth in the timetable in respect of the Capital Reduction and Sub-division on page 12 of the Circular and as clarified by the Clarification Announcement will not be carried out accordingly.

Following the Share Consolidation becoming effective, the Board once again proposes to seek the approval from the shareholders at the EGM to effect the Capital Reduction pursuant to which the par value of each of the issued Shares will be reduced from HK\$0.40 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.39 per issued Share resulting each issued Share of HK\$0.40 each be treated as one fully paid-up New Shares of HK\$0.01 each in the capital of the Company and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued capital thereby cancelled be made available for issue of New Shares in the Company. As such, the authorized share capital of the Company of HK\$200,000,000 shall remain unchanged upon the Capital Reduction and Sub-division becoming effective. The credit arising from such reduction will be transferred to a distributable reserve account of the Company where it may be utilized by the Directors in accordance with the articles of association of the Company and all applicable laws.

The following table shows the amount of issued share capital and the changes in the distributable reserve of the Company before and after the Capital Reduction:

	Before Capital Reduction	After Capital Reduction
	<i>(HK\$)</i>	<i>(HK\$)</i>
Issued share capital	91,671,490	2,291,787
Distributable Reserve Account	27,892,239 ^(Note)	117,271,942

Note: as at 31 March 2013

Immediately following the Capital Reduction becoming effective, each authorized but unissued Share will also be sub-divided into 40 New Shares with a par value of HK\$0.01 each.

On the basis of the existing issued share capital of the Company and assuming no further issue of new Shares from the date of this announcement up to the date on which the Capital Reduction and the Sub-division becoming effective, the authorized share capital of the Company will be HK\$200,000,000 divided into 20,000,000,000 New Shares with a par value of HK\$0.01 each, of which 229,178,725 New Shares will be in issue.

All New Shares will rank *pari passu* in all respect with each other and be subject to the restrictions contained in the Company's memorandum and articles of association.

Other than the expenses to be incurred in relation to the Capital Reduction and Subdivision, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

Conditions of the Capital Reduction and Sub-division

The Capital Reduction and Sub-division are conditional upon the following:

- (1) the passing of the necessary resolutions by the Shareholders approving the Capital Reduction and Sub-division at the EGM;
- (2) the Court approving the Capital Reduction and compliance with any conditions the Court may impose;
- (3) the registration of the Court's order confirming the Capital Reduction and minute approving by the Court containing the particulars required under the Companies Laws of the Cayman Islands with respect to the Capital Reduction and Sub-division with the Registrar of Companies of the Cayman Islands;
- (4) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the New Shares to be in issue upon the Capital Reduction and the Sub-division becoming effective; and
- (5) the holders of the Convertible Bonds approving the Capital Reduction.

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares to be in issue upon the Capital Reduction and Sub-division becoming effective.

Subject to granting of the listing of and permission to deal in the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

The Capital Reduction shall become effective upon registration of the Court order and other relevant documents with the Registrar of Companies of the Cayman Islands. The Capital Reduction will not entail any amendments to the Company's memorandum and articles of association.

Reasons for the Capital Reduction and Sub-division

The Capital Reduction and the Sub-division keep the par value of the Share at a lower level that can facilitate the Company's future fund raising activities as the Company is not allowed to issue Share below par value. The Sub-division is necessary to sub-divide the par value of each of the authorized but unissued Shares from HK\$0.40 to HK\$0.01 so that the par value of all issued and unissued New Shares will be HK\$0.01.

Therefore the Directors consider that the Capital Reduction and the Sub-division are in the interests of the Company and the Shareholders as a whole.

Exchange of share certificates

Subject to the Capital Reduction and Sub-division becoming effective, Shareholders may, during the period from 17 December 2013 to 15 January 2014, submit share certificates for the Shares to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the New Shares. Thereafter, share certificates for the then Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate issued or cancelled, whichever is higher. Nevertheless, share

certificates for the then Shares will not be acceptable for trading purposes but will continue to be good evidence of legal title and may be exchanged for new share certificates for the New Shares at any time.

The colour of the new share certificates for the New Shares will be announced by the Company in due course.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY

The following table shows the effects on the share capital of the Company under the Capital Reduction and the Sub-division on the basis of the existing issued share capital of the Company and assuming no further issue of new Shares from the date of this announcement up to the date in which the Capital Reduction and the Sub-division becoming effective:

Authorised share capital

500,000,000	Shares with par value of HK\$0.40 each as at the date of this announcement	HK\$200,000,000
20,000,000,000	New Shares with a par value of HK\$0.01 each after the Capital Reduction and the Sub-division becoming effective	HK\$200,000,000

Issued share capital (paid up or credited as fully paid)

229,178,725	Share with par value of HK\$0.40 each as at the date of this announcement	HK\$91,671,490
229,178,725	New Shares issued with a par value of HK\$0.01 each after the Capital Reduction and the Sub-division becoming effective	HK\$2,291,787

Expected timetable

The expected timetable of the Capital Reduction and Sub-division is as follows:

(Hong Kong time)

Despatch of Circular and proxy form of the EGM Friday, 19 July 2013

Latest time for lodging proxy form of the EGM 11:00 a.m. on Saturday,
10 August 2013

Expected time and date of the EGM 11:00 a.m. on Monday,
12 August 2013

Announcement of result of the EGM Monday, 12 August 2013

The following events are conditional on the approval from the Court. The dates are therefore tentative.

Effective date for the Capital Reduction and Sub-division after 4:10 p.m. on Monday,
16 December, 2013

First day for free exchange of existing share
certificates for new share certificates for New
Shares (one day after the effective date due to
time difference between Hong Kong and
Cayman Islands) 9:00 a.m. on Tuesday,
17 December, 2013

Last day for free exchange of existing share
certificates for new share certificates for New
Shares 4:30 p.m. on Wednesday,
15 January 2014

The aforesaid timetable is subject to the results of the EGM and the approval from the Court. The Company will notify the Shareholders of any changes to the expected timetable by way of announcement(s) as and when appropriate.

OUTSTANDING CONVERTIBLE BONDS AND OPTIONS

As at the date of this announcement, there are (i) outstanding principal amount of HK\$224,880,000 under the Convertible Bonds and (ii) outstanding Options granted under the Share Option Scheme to subscribe for 2,150,000 new Shares.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

GENERAL

A circular containing, among other things, further information on the Capital Reduction and the Sub-division, including the reasons and benefits for supporting the proposal and the relevant resolutions as well as the notice of the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AGM”	Annual general meeting of the Company held 28 June 2013
“AGM Notice”	Notice of AGM dated 6 June 2013
“Board”	the board of Directors of the Company
“Capital Reduction”	The proposed reduction of the par value of each issued Share from HK\$0.40 to HK\$0.01 by cancelling paid up capital to the extent of HK\$0.39 on each Share
“Convertible Bonds”	the Zero Coupon Convertible Bonds due 12 August 2014 all issued by the Company on 12 August 2008 and extended on 30 May 2011 with total outstanding principal amount of HK224,880,000 as at the date of this announcement
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	director(s) of the Company from time to time
“EGM”	The extraordinary general meeting of the Company to be convened for the purpose of approving, inter alia, the proposed Capital Reduction and the Sub-division
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities of GEM
“HK\$”	Hong Kong dollar, the currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to this term under the GEM Listing Rules
“New Share(s)”	New ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company after the Capital Reduction and the Sub-division becoming effective
“Option(s)”	the option(s) to subscribe for Shares under the Share Option Scheme
“Share(s)”	existing ordinary share(s) of HK\$0.40 each in the Share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares of the Company

“Share Consolidation”	the consolidation of every forty (40) shares of HK\$0.01 each into one (1) Share effective 26 March 2013
“Share Option Scheme”	the share option scheme adopted by the Company on 3 May 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-division”	The sub-division of each authorised but unissued Share into 40 New Shares

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

Hong Kong, 11 July 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

Mr. Ma Hang Kon, Louis

Non-executive Director:

Mr. Wong Chi Man

Independent Non-executive Director:

Ms. Yeung Mo Sheung, Ann

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>.