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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 SHARE CONSOLIDATION

AND

CHANGE IN BOARD LOT SIZE

AND

PROPOSED CAPITAL REDUCTION AND SUB-DIVISION

PROPOSED SHARE CONSOLIDATION

The Board proposes to effect the Share Consolidation on the basis that every forty (40) Shares of HK\$0.01 be consolidated into one (1) Consolidated Share of HK\$0.40 each.

CHANGE IN BOARD LOT SIZE

The Shares currently traded in board lots of 40,000 each. The Company proposes to change the board lot size of the Consolidated Shares to 10,000 each upon the Share Consolidation becoming effective.

PROPOSED CAPITAL REDUCTION AND SUB-DIVISION

Subject to the Share Consolidation becoming effective, the Board proposes to effect the Capital Reduction pursuant to which the par value of each of the issued Consolidated 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 Consolidated Shares.

* *For identification purpose only*

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

GENERAL

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

Reference is made to the announcements of Merdeka Resources Holdings Limited (the “**Company**”) dated 6 December 2012 and 11 January 2013, the circular of the Company dated 18 December 2012 (the “**Circular**”) and the notice of the extraordinary general meeting of the Company (the “**EGM Notice**”) dated 18 December 2012, in relation to, inter alia, the proposed Share Consolidation, change in board lot size and proposed Capital Reduction and the Sub-division. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless the context otherwise requires.

PROPOSED SHARE CONSOLIDATION

The Board announced on 11 January 2013 that at the EGM, both the ordinary resolution and the special resolution set out in the EGM Notice were not passed by the Shareholders, the then proposal on share consolidation was therefore not carried out as planned.

In communicating with the Stock Exchange under various circumstances, the Board understands that fund raising activities may thus be affected if the market price of the Company’s Shares continuously approaches the extremities of HK\$0.01.

As a responsible Board to protect the interests of both the Company and the Shareholders by furnishing the Company with the opportunity to carrying out fund raising activities when so needed, the Directors propose once again to effect the Share Consolidation on the basis that every forty (40) Shares of HK\$0.01 be consolidated into one (1) Consolidated Share of HK\$0.40 each. As at the date of this announcement, the authorized share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 Shares, of which 9,167,149,000 Shares are in issue and fully paid. Upon the Share Consolidation becoming effective, the authorized share capital of the Company will become HK\$200,000,000 divided into 500,000,000 Consolidated Shares.

Conditions of the Share Consolidation

The Share Consolidation will be conditional upon the following:

- (a) the passing of an ordinary resolution by the Shareholders at the Fresh EGM to approve the Share Consolidation; and
- (b) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares to be issued and allotted upon the Share Consolidation becoming effective.

Reasons for the Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting its securities. In view of the recent trading price of the Shares and at the request of the Stock Exchange, the Board proposes to effect the Share Consolidation in order to comply with the trading requirements of the GEM Listing Rules. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares.

The Directors consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

EFFECTS OF SHARE CONSOLIDATION

Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or result in any change in the rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled. The Consolidated Shares shall rank *pari passu* in all respects with each other.

Listing Application for Consolidated Shares

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 Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Exchange of share certificates arrangement

Should the Share Consolidation become effective, Shareholders may, during the period from 26 March 2013 to 7 May 2013 (both days inclusive) during the business hours, submit existing certificates for the Shares in yellow colour to the Company's branch share registrar, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for exchange, at the expense of the Company, for new share certificates in blue colour for the Consolidated Shares. It is expected that the new certificates for the Consolidated Shares will be available for collection within 10 Business Days after the submission of the existing share certificates to the branch share registrar of the Company for exchange. Thereafter, certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) for each new certificate issued for Consolidated Shares. Existing certificates for the Shares will cease to be good for delivery but will continue to be good evidence of legal title and may be exchanged for certificates for the Consolidated Shares at any time at the expense of the Shareholders.

CHANGE IN BOARD LOT SIZE

The Shares currently traded in board lots of 40,000 each. The Company proposes to change the board lot size of the Consolidated Shares to 10,000 each upon the Share Consolidation becoming effective.

Odd lot arrangements and fractional Consolidated Shares

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares, the Company has agreed to procure an arrangement with an agent to stand in the market to provide matching services for the odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots arrangement and the new share certificates will be set out in the circular of the Company to be despatched to the Shareholders.

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders, but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

PROPOSED CAPITAL REDUCTION AND SUB-DIVISION

Subject to the Share Consolidation becoming effective, the Board proposes to effect the Capital Reduction pursuant to which the par value of each of the issued Consolidated 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 Consolidated Share resulting each issued Consolidated 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. Part of the credit arising from such reduction will be applied towards cancelling the accumulated losses of the Company as at the effective date of the Capital Reduction, while the balance 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 of the Company, changes in the distributable reserve and accumulated losses of the Company before and after the Share Consolidation and Capital Reduction:

	Before Share Consolidation and Capital Reduction (HK\$)	After Share Consolidation and Capital Reduction (HK\$)
Issued share capital	91,671,490	2,291,787
Distributable Reserve Account	639,969,146 ^(note)	729,348,849
Accumulated losses (unaudited)	63,894,934 ^(note)	–

Note: as at 30 September 2012

Immediately following the Capital Reduction becoming effective, each authorized but unissued Consolidated 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 Shares after the Share Consolidation and 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 Share Consolidation becoming effective;
- (2) the passing of the necessary resolutions by the Shareholders approving the Capital Reduction and Sub-division at the Fresh EGM;
- (3) the Court approving the Capital Reduction and compliance with any conditions the Court may impose;
- (4) 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;
- (5) 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
- (6) 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.

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

As at 30 September 2012, the Company had unaudited accumulated losses of approximately HK\$63,894,934. It is expected that the accumulated losses of the Company will be eliminated after the Capital Reduction. It will therefore facilitate any dividend payment by the Company as and when appropriate in the future. The Sub-division is necessary to sub-divide the par value of each of the authorized but unissued Consolidated 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 16 July 2013 to 19 August 2013, submit share certificates for the Consolidated 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 Consolidated 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 Consolidated 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.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY

The following table shows the effects on the share capital of the Company under the Share Consolidation, 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 on which the Share Consideration becoming effective and assuming no further issue of Consolidated Shares after the Share Consolidation up to the date in which the Capital Reduction and the Sub-division becoming effective:

Authorised share capital

20,000,000,000	Shares with par value of HK\$0.01 each as at the date of this announcement	HK\$200,000,000
500,000,000	Consolidated Shares with a par value of HK\$0.40 each after the Share Consolidation becoming effective	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)

9,167,149,000	Share with par value of HK\$0.01 each as at the date of this announcement	HK\$91,671,490
229,178,725	Consolidated Shares with a par value of HK\$0.40 each after the Share Consolidation becoming effective	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

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 86,000,000 new Shares.

After the Share Consolidation, Capital Reduction and the Sub-division become effective, the conversion price of New Shares which fall to be issued upon exercise of the conversion rights attached to the Convertible Bonds as well as the exercise price per Share at which the holders of the outstanding Options may subscribe for Shares upon the exercise of the Options and the number of their outstanding Options will be affected.

The Company will engage the auditors of the Company or an independent financial adviser in accordance with the terms of the Convertible Bonds instrument and the Share Option Scheme to certify in writing as to the adjustments (if any) required to be made in respect of the outstanding Convertible Bonds and the outstanding Options as a result of the Share Consolidation, Capital Reduction and the Sub-division. The Company will make further announcement(s), when and where appropriate, about the adjustments in due course.

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.

EXPECTED TIMETABLE

The expected timetable of the proposed Share Consolidation, the Capital Reduction and Sub-division is as follows:

(Hong Kong time)

Despatch of Circular and proxy form of Fresh EGM Friday, 1 March 2013

Latest time for lodging proxy form of Fresh EGM 11:00 a.m. on Saturday,
23 March 2013

Expected time and date of the Fresh EGM 11:00 a.m. on Monday,
25 March 2013

Announcement of result of the Fresh EGM Monday, 25 March 2013

Effective date of the Share Consolidation Tuesday, 26 March 2013

Dealings in the Consolidated Shares commences 9:00 a.m. on Tuesday,
26 March 2013

Original counter for trading in Shares
(in board lots of 40,000 Shares) closes 9:00 a.m. on Tuesday,
26 March 2013

Temporary counter for trading in the Consolidated Shares
in board lots of 1,000 Consolidated Shares
(in form of existing share certificates
in yellow colour) opens 9:00 a.m. on Tuesday,
26 March 2013

Free exchange of existing share certificates for
new share certificates for the Consolidated Shares
in blue colour commences Tuesday, 26 March 2013

Original counter for trading in the Consolidated Shares
(in board lots of 10,000 Consolidated Shares) re-opens 9:00 a.m. on Friday,
12 April 2013

Parallel trading in the Consolidated Shares
(in form of new share certificates in blue colour and
existing share certificates in yellow colour) begins 9:00 a.m. on Friday,
12 April 2013

Designated broker starts to stand in the market to provide
matching services for the sale and purchase of odd lots of
the Consolidated Shares 9:00 a.m. on Friday,
12 April 2013

Temporary counter for trading in the Consolidated Shares
in board lots of 1,000 Consolidated Shares
(in form of existing share certificates
in yellow colour) closes 4:00 p.m. on Friday,
3 May 2013

Parallel trading in the Consolidated Shares
(in form of new share certificates in blue colour
and existing share certificates in yellow colour) ends 4:00 p.m. on Friday,
3 May 2013

Designated broker ceases to stand in the market
to provide matching services for the sale and purchase
of odd lots of the Consolidated Shares 4:00 p.m. on Friday,
3 May 2013

Free exchange of existing share certificates for
new share certificates for the Consolidated Shares
in blue colour ends 4:30 p.m. on Tuesday,
7 May 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,
15 July 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,
16 July 2013

Last day for free exchange of existing share certificates
for new share certificates for New Shares 4:30p.m. on Monday,
19 August 2013

All times and dates specified in this announcement refer to Hong Kong local times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the above expected timetable will be announced as appropriate in accordance with the GEM Listing Rules.

GENERAL

A circular containing, among other things, further information on the Share Consolidation, the Capital Reduction and the Sub-division, including the reasons and benefits for supporting the proposal and the relevant resolutions and a notice of the Fresh 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:

“Board”	the board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Capital Reduction”	The proposed reduction of the par value of each issued Consolidated Share from HK\$0.40 to HK\$0.01 by cancelling paid up capital to the extent of HK\$0.39 on each Consolidated Share
“Company”	Merdeka Resources Holdings Limited (Stock Code: 8163), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange

“Consolidated Share(s)”	ordinary share(s) of the Company with a par value of HK\$0.40 each upon the Share Consolidation becoming effective
“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 convened on 11 January 2013
“Fresh EGM”	the fresh extraordinary general meeting of the Company to be convened for the purpose of approving, inter alia, the Share Consolidation
“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 Consolidation”	the proposed consolidation of every forty (40) Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.40 each
“Share Option Scheme”	the share option scheme adopted by the Company on 3 May 2012
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the Share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-division”	The sub-division of each authorised but unissued Consolidated 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, 20 February 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 Directors:

Mr. Lam Kin Kau, Mark

Ms. Yeung Mo Sheung, Ann

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 website of the Company at <http://www.merdeka.com.hk>.