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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Asia Resources Holdings Limited, you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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# Asia Resources Holdings Limited

# 亞洲資源控股有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 899)**

*Executive Directors:*

Zhang Cheng (*Chairman*)

Lin Dong

Feng Xiang Cai

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Independent non-executive Directors*

Ngai Sau Chung, Howard

Jiang Guoan

Lin Ye

*Principal place of business*

*in Hong Kong:*

Unit 3404

Bank of America Tower

12 Harcourt Road

Hong Kong

27 July, 2007

*To the shareholders*

Dear Sir or Madam,

## GENERAL MANDATES TO REPURCHASE, TO ISSUE SHARES AND RE-ELECTION OF RETIRING DIRECTORS

### INTRODUCTION

It is proposed that at the forthcoming annual general meeting of Asia Resources Holdings Limited (the "Company") to be held at Luxembourg Room I, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 24 August, 2007 at 9:30 a.m. (the "Annual General Meeting"), the following resolutions will be proposed at the Annual General Meeting:

#### Ordinary Resolutions:

- (i) a general mandate to allot, issue and deal with new shares or convertible securities or similar rights to subscribe for any shares or convertible securities of the Company representing up to 20 percent of the aggregate nominal amount of the share capital in issue as at the date of the passing of this ordinary resolution;

\* For identification purposes only

- (ii) a general mandate to repurchase fully paid shares of the Company up to a maximum of 10 percent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this ordinary resolution; and
- (iii) re-election of retiring directors.

This circular contains the explanatory statement in compliance with the Listing Rules and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the ordinary resolutions to approve the purchase by the Company of its own shares.

## **1. REPURCHASE MANDATE**

### **EXERCISE OF THE REPURCHASE MANDATE**

Exercise in full of the repurchase mandate (on the basis of 1,411,440,590 shares of HK\$0.05 each in issue as at 20 July, 2007 (the “Latest Practicable Date”)) would result in up to 141,144,059 shares being repurchased by the Company on the basis no further shares are issued or repurchased prior to passing of the resolution.

### **REASONS FOR THE REPURCHASE**

The Directors consider that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors the flexibility to repurchase shares of the Company in the market when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or its earnings per share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders.

### **FUNDING OF REPURCHASES**

In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Bermuda and the Memorandum of Association and Bye-laws of the Company.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 March, 2007) in the event that the proposed repurchase mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## SHARE PRICES

The highest and lowest prices at which the shares of the Company traded on the Stock Exchange during each of the previous twelve months from July 2006 to June 2007 were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2006</b>		
July	0.60	0.60
August	0.80	0.66
September	0.65	0.65
October	0.60	0.53
November	0.52	0.50
December	0.52	0.40
<b>2007</b>		
January	0.45	0.42
February	0.51	0.44
March	0.50	0.44
April	0.53	0.30
May	0.58	0.51
June	0.80	0.55
July (upto the latest practicable date)	0.74	0.52

## GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell shares to the Company or its subsidiaries in the event that the proposed mandates is approved by shareholder.

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases mandate in accordance with the Listing Rules and the laws of Bermuda.

If as a result of the repurchase by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the persons who were, directly or indirectly, interested or had short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong) or, was directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any members of the Group were as follows:

Name of Shareholder	Number of Shares	Shareholding percentage
Mr. Wu Yong ( <i>Note a</i> )	852,000,000	60.36%
Ms. Zhang Cheng ( <i>Note a</i> )	852,000,000	60.36%
Guardwell Investments Limited ( <i>Note a</i> )	420,000,000	29.75%
Eagle Asia Investments Limited ( <i>Note a</i> )	232,000,000	16.44%
Eagle China Investments Limited ( <i>Note a</i> )	200,000,000	14.17%
Ms. Wang Jin Song ( <i>Note b</i> )	129,380,827	9.17%
Ankeen Enterprises Limited ( <i>Note b</i> )	129,380,827	9.17%
Shenzhen Neptunus Group Co., Ltd. ( <i>Note b</i> )	129,380,827	9.17%
Shenzhen Neptunus Health Durgstore Co., Limited ( <i>Note b</i> )	129,380,827	9.17%
Hong Kong Neptunus Health Drugstore Limited ( <i>Note b</i> )	129,380,827	9.17%
Advance Year Company Inc. ( <i>Note b</i> )	129,380,827	9.17%
Landstar Investments Limited ( <i>Note b</i> )	129,380,827	9.17%
Industrial Bank Co., Ltd. Shenzhen Bagualing Sub-branch (“Industrial Bank”) ( <i>Note c</i> )	129,380,827	9.17%
China Life Trustees Limited ( <i>Note d</i> )	89,170,000	6.32%
China Life Insurance (Overseas) Co., Ltd. Hong Kong Branch ( <i>Note d</i> )	89,170,000	6.32%

*Notes:*

- a. Mr. Wu Yong beneficially owns and controls Guardwell Investments Limited (“Guardwell”), Eagle Asia Investments Limited (“Eagle Asia”) and Eagle China Investments Limited (“Eagle China”). Ms. Zhang Cheng, the chairman and executive director of the Company, is the wife of Mr. Wu Yong. Mr. Wu Yong and Ms. Zhang Cheng are deemed to be interested in 852,000,000 shares through Guardwell, Eagle Asia and Eagle China.
- b. Ms. Wang Jin Song (“Ms. Wang”) beneficially owns 85% interests in Ankeen Enterprises Limited (“AEL”). AEL beneficially owns 41.93% interests in Shenzhen Neptunus Group Co., Ltd. (“SNGCL”). SNGCL beneficially owns 86% interests in Shenzhen Neptunus Health Drugstore Co., Limited (“SNHDCL”). SNHDCL beneficially owns 100% interests in Hong Kong Neptunus Health Drugstore Limited (“HKNHDL”). HKNHDL beneficially owns 100% interest in Advance Year Company Inc. (“AYCI”). AYCI beneficially owns 100% interests in Landstar Investments Limited (“LIL”).  
  
Ms. Wang, AEL, SNGCL, SNHDCL, HKNHDL and AYCI are deemed to be interested in the 9.17% shares held by LIL.
- c. Industrial Bank is deemed to be interested in the 129,380,827 shares as LIL has pledged its shares to Industrial Bank.
- d. China Life Trustees Limited is accustomed to act in accordance with directions of China Life Insurance (Overseas) Co., Ltd. Hong Kong Branch which is deemed to be interested in the shares held by China Life Trustees Limited.

In the event that the Directors should exercise in full the power to repurchase shares which is proposed to be granted pursuant to the resolution to be proposed at the Annual General Meeting, the aggregate shareholding of Guardwell, Eagle Asia and Eagle China in the Company would be increased from approximately 60.36 percent to approximately 67.07 percent of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any purchase made under the Share Repurchase Mandate. The Directors consider that such increase will not result in the number of shares which are in the hands of the public being reduced to less than 25 percent.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell the shares to the Company, or has undertaken not to do so in the event that the Repurchase Mandate is approved by the shareholders.

Neither the Company nor any of its subsidiaries has purchased any of the Company's securities in the past six months from the Latest Practicable Date.

## **2. RE-ELECTION OF RETIRING DIRECTORS**

In accordance with the Company's Bye-laws, Mr. Lin Dong ("Mr. Lin") and Mr. Feng Xiang Cai ("Mr. Feng") will be retired from office by rotation and be eligible for re-election at the Annual General Meeting. Details of Mr. Lin and Mr. Feng are set out as follows:

**Mr. Lin**, aged 44, is the Executive Director and Chief Executive Officer of the Company. Mr. Lin is responsible for the overall financial management, corporate planning and corporate governance of the Group. Mr. Lin joined the Group in 2002 and has over 19 years of experience in capital market, investment management and corporate planning in Hong Kong and the PRC.

**Mr. Feng**, aged 59, an Executive Director of the Company. Mr. Feng is responsible for the business development of the Group especially in exploring new business or investment opportunity since he has board business connection in Hong Kong and the PRC. Mr. Feng joined the Group in 2002 and has over 29 of years experience in general trading, property development and investment management.

Save as disclosed above, each of Mr. Lin and Mr. Feng has not held any directorship in any listed companies in Hong Kong during the past three years.

Each of Mr. Lin and Mr. Feng has not entered into any service contract with the Company. Mr. Lin and Mr. Feng have no designated length of service and they will be subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the provisions of the Bye-laws of the Company. There is no director's fee of each of Mr. Lin and Mr. Feng but their emoluments will be determined by the Board as authorized by the shareholders at the Annual General Meeting of the Company with reference to their duties and responsibility of the Company.

Each of Mr. Lin and Mr. Feng does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company nor have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no other matters concerning each of Mr. Lin and Mr. Feng that need to be brought to the attention of the shareholders of the Company pursuant to the requirements of Rule 13.51(2) (h) to (v) of the Listing Rules.

## **RECOMMENDATION**

The Directors are of the opinion that granting of the general mandate to issue, repurchase shares and the re-election of retiring director of the Company are all in the interest of the Company and so recommend you to vote in favour of the resolutions at the Annual General Meeting.

Pursuant to the Bye-laws, a poll may be declared in relation to any resolution put to the vote of the Annual General Meeting before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

## **PROXY FORM**

A form of proxy for use at the Annual General Meeting is enclosed with the 2007 Annual Report. Whether or not the Shareholders are able to attend the meeting, you are requested to complete and return the enclosed form of proxy to the Company at Unit 3404, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof in person if so wish.

Yours faithfully,  
For and on behalf of the Board  
**Zhang Cheng**  
*Chairman*