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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)**

### **(1) VERY SUBSTANTIAL ACQUISITION INVOLVING ISSUE OF ZERO COUPON CONVERTIBLE NON-REDEEMABLE NOTE; AND (2) RESUMPTION OF TRADING**

#### **THE ACQUISITION AGREEMENT**

Reference is made to the announcement of the Company dated 24 July 2009 in relation to, among other things, the entering into of a non-legally binding memorandum of understanding between the Purchaser and the Guarantor containing, among other things, the parties' intention to discuss further and explore opportunity on the Group's proposed investment in 55% equity interest in a joint venture company.

On 24 October 2009, the Purchaser, the Vendor and the Guarantor entered into the Acquisition Agreement whereby the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at an aggregate consideration of HK\$577,500,000, which shall be satisfied as to (i) HK\$30,750,000 as a refundable Deposit payable in cash from internal resources of the Group and/or third party financing and (ii) HK\$546,750,000 by the Purchaser procuring the Company to issue the Convertible Note to the Vendor or its nominee(s) on Completion.

\* *For identification purposes only*

The Sale Shares represent 55% of the entire issued share capital of the Target Company as at Completion. The Target Company is in the process of obtaining approval from MLHR for its establishment in Indonesia and is owned as to 60% by the Vendor and 40% by Indo as at the date of the Acquisition Agreement. The Company holds a Power of Attorney from Indo to exclusively manage, refine and sell the iron ores at the Mining Area of Indo.

## **LISTING RULES IMPLICATION**

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Acquisition Agreement and the transactions contemplated thereunder, including, but not limited to (i) the issue of the Convertible Note and (ii) the allotment and issue of the Conversion Shares are subject to the approval of the Shareholders at the SGM as required under the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor, its ultimate beneficial owner and the Guarantor does not hold any Shares as the date of this announcement and no Shareholder has a material interest in the Acquisition, and therefore no Shareholder is required to abstain from voting at the SGM.

The circular containing, among other things, (i) further details of the Acquisition; (ii) financial information on the Group; (iii) financial information on the Target Company; (iv) the unaudited pro-forma financial information on the Group as enlarged by the Acquisition; (v) the valuation report on the fair market value of the Iron Ore Mine to be prepared by a qualified independent valuer; (vi) the technical report on the Iron Ore Mine to be prepared by a qualified technical adviser as required under Rule 18.09 of the Listing Rules; and (vii) the notice of the SGM will be sent to the Shareholders as soon as possible.

**As the Acquisition is subject to a number of conditions precedent, it may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 27 October 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 4 November 2009.

Reference is made to the announcement of the Company dated 24 July 2009 in relation to, among other things, the entering into of a non-legally binding memorandum of understanding between the Purchaser and the Guarantor containing, among other things, the parties' intention to discuss further and explore opportunity on the Group's proposed investment in 55% equity interest in a joint venture company.

## **THE ACQUISITION AGREEMENT**

**Date:** 24 October 2009

**Parties:**

**Purchaser:** Mighty Kingdom Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company.

**Vendor:** Empire Bridge Assets Limited, a company incorporated in the BVI with limited liability, and wholly and beneficially owned by the Guarantor.

**Guarantor:** Mr. Lam Chong San, and Independent Third Party. Under the Acquisition Agreement, the Guarantor guarantees to the Purchaser the due and punctual payment and performance of the Vendor under the Acquisition Agreement subject to and upon the terms and conditions of the Acquisition Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor, its ultimate beneficial owner and the Guarantor is an Independent Third Party. Save for the entering into of a non-legally binding memorandum of understanding between the Purchaser and the Guarantor in relation to the Acquisition as disclosed in the announcement of the Company dated 24 July 2009, there are no other prior and/or continuing businesses/transactions entered into between each of the Vendor, its ultimate beneficial owner with the Company, its connected persons and associates.

## **Assets to be acquired**

The Sale Shares, representing 55% of the entire issued share capital of the Target Company. Upon Completion, the Purchaser will own 55% of the entire issued share capital in the Target Company. The remaining 45% of the entire issued share capital of the Target Company will be owned by Indo, an Independent Third Party, as to 40% and the Vendor as to 5%. The Vendor has no business activity save and except that it has full and irrevocable authority to act for and on behalf of Indo in all business relating to the Mining Area. Indo is beneficially owned by the Guarantor and principally engaged in mining business in Indonesia as well as the business of trading of unprocessed iron ores in small quantity. The Target Company holds the Power of Attorney from Indo to exclusively manage, refine and sell the iron ores at the Mining Area of Indo.

Details of the Target Company and the Mining Area are set out in the section headed “Information of the Target Company” and “Information of Mining Area” in this announcement.

## **Consideration**

The Consideration of HK\$577,500,000 was arrived at after arm’s length negotiations among the parties to the Acquisition Agreement and was determined after taking into account: (a) the valuation report on the fair market value of the Iron Ore Mine to be issued by an independent professional valuer appointed by the Purchaser showing the value of the reserves and resources of Iron Ore Mine to be not less than HK\$1,300,000,000; (b) the technical report to be issued by a technical adviser appointed by the Purchaser to its satisfaction containing, amongst other things, the estimate reserve and resources of iron ores in the Mining Area; and (c) the potential revenue to be derived by the Target Company from the sale of the iron ores and/or any related products under the management agreement to be executed between the Target Company and Indo.

The Consideration shall be satisfied in the following manner:–

- (a) as to HK\$30,750,000 as a refundable Deposit payable in cash by the Purchaser to the Vendor or its nominee(s) from internal resources of the Group and/or third party financing within seven days after successful placement of new Shares by the Company for fund raising purposes which shall occur on or before Completion. The Deposit shall be applied towards satisfaction in full of the cash portion of the Consideration payable by the Purchaser to the Vendor for the Sale Shares; and

- (b) as to HK\$546,750,000 by the Purchaser procuring the Company to issue the Convertible Note to the Vendor or its nominee(s) on Completion;

provided that any conversion of the Convertible Note shall not result in the Noteholder(s) and the parties acting in concert with it/them being interested (whether directly or indirectly) in 29.99% or more of the then issued share capital of the Company at the date of the relevant exercise and trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Noteholder(s) and the parties acting in concert with it/them who exercised the conversion right.

### **Conditions precedent**

The respective obligations of the parties to effect completion of the sale and purchase of the Sale Shares in accordance the Acquisition Agreement shall be conditional upon the following conditions being fulfilled:–

- (i) the passing by the Shareholders of a resolution to approve the Acquisition Agreement, the issue of the Convertible Notes, the allotment and issue of the Conversion Shares and the transactions contemplated thereunder at the SGM in accordance with the Listing Rules;
- (ii) the Stock Exchange not treating (a) the transactions contemplated under the Acquisition Agreement as a “reverse takeover” under Rule 14.06(6) of the Listing Rules and/or (b) the Company as a new listing applicant under Rule 14.54 of the Listing Rules;
- (iii) the obtaining of approval from the MLHR for the establishment of the Target Company;
- (iv) the obtaining of approval from the Head of BKPM for the amendments to the Target Company’s foreign investment approval. The amendments should cover, among other things: (a) shareholders and shareholding composition of the Target Company as a result of the Acquisition Agreement, and (b) amendment to the scope of business activities of the Target Company, to reflect the general business consulting;
- (v) the obtaining of valid licences by Indo for operation and production in relation to the Mining Area;

- (vi) the due diligence investigation on the Target Company and the Mining Licence of Indo to be carried out pursuant to the Acquisition Agreement having been completed to the satisfaction of the Purchaser in its absolute discretion including but not limited to the issue of a legal opinion in form and substance satisfactory to the Purchaser by a practising lawyer in Indonesia appointed by the Purchaser confirming, inter alia, the following:–
- (a) the due incorporation, shareholding structure, valid and continued existence of the Target Company and Indo (including payment of its share capital in accordance with Indonesian laws and its articles of association, to the extent required);
  - (b) the validity of the Mining Licence obtained by Indo to conduct exploration and feasibility study of iron ores at the Entire Mining Area;
  - (c) that the Mining Licence gives Indo the valid rights to explore and conduct feasibility study at the Entire Mining Area in accordance with its terms and Indo has complied with all of the requirements under the Mining Licence;
  - (d) all relevant approvals, licenses, registrations, confirmation and/or permits for the Target Company to conduct general business consulting (including consultation relating to the operation in the Mining Area) as required under the prevailing regulations in the Republic of Indonesia, or as may be deemed necessary by the Purchaser to ensure that the performance by the Target Company under the Power of Attorney will not be classified as mining activities or mining services;
  - (e) all relevant approvals, consents, licenses, registrations and/or permits in relation to the transactions contemplated by the Power of Attorney and the Acquisition Agreement for the Target Company to carry on business at the Mining Area having been obtained;
- (vii) approval, ratification and confirmation from the general meeting of shareholders of the Target Company (which is to be held as soon as the Target Company has obtained its status as legal entity (i.e. the obtaining of approval from MLHR on the Deed of Establishment), regarding: (i) the transfer of Sale Shares under the Acquisition Agreement (as required under Article 7 paragraph 3 of the Deed of Establishment); (ii) the Power of Attorney from Indo (and any of its amendment); and (iii) all terms, conditions, representations, warranties and undertakings to which the Target Company is bound as contemplated in the Acquisition Agreement;

- (viii) execution of a power of attorney or agreement between the Target Company and Indo in relation to the amendment of the Power of Attorney and appointment of the Target Company by Indo, or the granting of powers and authorities from Indo to the Target Company to provide general business consulting (including consultation relating to the operation of mining activities in the Mining Area on behalf of Indo), in the form and substance agreed by the Purchaser;
- (ix) execution of a management agreement between the Target Company and Indo in relation to the management and operation by the Target Company of the mining activities in the Mining Area, containing the provisions, among the others, (a) Indo grants an exclusive and irrevocable right to the Target Company to manage the Mining Area; (b) Indo agrees that all profit derived from the sale of the iron ores and/or any related products shall belong to the Target Company; and (c) Indo shall compensate the Target Company HK\$1,050,000,000 in the event of any breach of any terms in the management agreement by Indo, in the form and substance agreed by the Purchaser;
- (x) receipt by the Purchaser of the certified copies of the following documents:
  - (a) the Deed of Establishment including all licenses and permits obtained by the Target Company;
  - (b) the constitutional document and/or identity of the Vendor and the Guarantor;
  - (c) the register of shareholders of the Target Company;
  - (d) the resolutions of the general meeting of the shareholders of Indo approving the terms of, and the transactions contemplated by, the Power of Attorney and/or any document and/or any amendments thereto as may be required authorising the Target Company to carry out general business consulting to Indo in relation to the operation in the Mining Area;
- (xi) all consents of the Stock Exchange and the Securities and Futures Commission (if necessary) and all filings with any relevant governmental or regulatory authorities and other relevant third parties which are required or appropriate for the entering into and the implementation of the Acquisition Agreement having been given or made; and all applicable statutory or other legal obligations having been complied with;

- (xii) receipt by the Purchaser to its satisfaction and in its sole discretion of a valuation report on the fair market value of the Iron Ore Mine issued by an independent professional valuer appointed by the Purchaser showing the value of the reserves and resources of the Iron Ore Mine to be not less than HK\$1,300,000,000;
- (xiii) receipt by the Purchaser to its satisfaction and in its sole discretion of a technical report issued by a technical adviser appointed by the Purchaser with respect to the Iron Ore Mine as required under Rule 18.09 of the Listing Rules;
- (xiv) the Company successfully obtaining financing from third parties and from internal resources for the purpose of satisfying the Consideration;
- (xv) the warranties in the Acquisition Agreement remaining true, accurate and correct in all material respects and at all times between the date of the Acquisition Agreement and the Completion Date;
- (xvi) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Conversion Shares; and
- (xvii) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Conversion Shares.

If the Conditions have not been fulfilled (or waived by the Purchaser except that Conditions (i), (ii), (iii), (iv), (ix), (x), (xi), (xii), (xiii), (xiv), (xvi) and (xvii) cannot be waived in any event) on or before 5:00 p.m. on the Long Stop Date (or such later date as the Vendor and the Purchaser may agree in writing) and the Purchaser gives notice to terminate the Acquisition Agreement, the Acquisition Agreement shall thereupon terminate, and if the Purchaser shall have paid the Deposit, the Vendor shall refund the Deposit in full without interest to the Purchaser within two (2) Business Days next following the Long Stop Date. On termination of the Acquisition Agreement, the parties to the Acquisition Agreement shall have no further claims against the other under the Acquisition Agreement for costs, damages compensation or otherwise, save for antecedent breaches.

The method of financing under Condition (xiv) has not yet been determined by the Company. If such financing constitutes a notifiable or connected transaction for the Company under the Listing Rules, the Company will comply with all the necessary reporting, announcement and shareholders' approval requirements in accordance with the Listing Rules.



## **Completion**

Completion shall take place on the Completion Date after the fulfillment or, where applicable, waiver of the conditions precedent to the Acquisition Agreement or such other date as the Vendor and Purchaser may agree in writing.

After Completion, the Target Company will become a subsidiary of the Company. The financial statements of the Target Company will be consolidated in the accounts of the Group after Completion.

## **Post-Completion Undertaking**

Under the terms of the Acquisition Agreement, the Vendor and the Purchaser have undertaken with each other that immediately after Completion, the Vendor shall lend and shall procure Indo to lend, and the Purchaser shall lend, such sums of money equivalent to HK\$35,000,000 in total to the Target Company in proportion to their respective shareholdings in the Target Company on terms set out below:

- (a) the shareholders' loan shall be interest free, unsecured and with no fixed date of repayment; and
- (b) the shareholders' loan shall be repaid as and when unanimously agreed by all shareholders of the Target Company.

The shareholders' loan is intended to be used by the Target Company for the construction of an ore-processing factory in Indonesia.

The Purchaser has not committed to pay any further cost or contribution upon Completion under the Acquisition Agreement other than the Consideration, post-completion funding of HK\$19.25 million, being 55% of HK\$35 million, and legal and professional costs.

## **CONVERTIBLE NOTE**

The Consideration is to be partly satisfied by the Purchaser procuring the Company to issue the Convertible Note in an aggregate principal amount of HK\$546,750,000 to the Vendor or its nominee(s) on Completion. The 2,485,227,272 Conversion Shares to be allotted and issued at the Conversion Price represent (i) approximately 146.83% of the existing issued share capital of the Company; (ii) approximately 59.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares, assuming full conversion of the Convertible Note at the Conversion Price.

The terms of the Convertible Note have been negotiated on arm's length basis and the principal terms of which are summarised below:

Issuer:	The Company
Principal Amount:	HK\$546,750,000
Maturity:	A term of seven years from the date of issue of the Convertible Note.
Interest:	The Convertible Note shall not bear any interest whatsoever.
Redemption:	The Convertible Note is not redeemable by the Noteholder or the Company.
Conversion Price:	<p>The Conversion Price is HK\$0.22 per Share, subject to adjustments, provided that the Conversion Price shall not be less than the par value of the Share. The adjustments for the Conversion Price include the followings:</p> <ul style="list-style-type: none"><li>(i) an alternation of the nominal amount of the Share by reason of any consolidation or subdivision;</li><li>(ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);</li><li>(iii) a capital distribution being made by the Company, whether on a reduction or otherwise, to Shareholders (in their capacity as such);</li><li>(iv) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or grant of options or warrants to subscribe for or purchase any Shares, in each case at less than 90% of market price on the last dealing day preceding date of the announcement of the terms of the issue or grant;</li></ul>

- (v) an issue of any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all Shareholders as a class by way of rights, or grant of options or warrants to subscribe for or purchase any securities;
- (vi) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 90% of the market price on the date of announcement of the terms of the issue of such securities;
- (vii) a modification of the rights of conversion, exchange or subscription attaching to any securities so that the consideration per Share is less than 90% of the market price on the date of the announcement of the proposals for such modification; and
- (viii) where the Company or the Noteholder considers that it would be appropriate for an adjustment to be made to the Conversion Price in the circumstances other than those referred to in (i) to (vii) above.

As at the date of this announcement, the Company has not identified the occurrence of any event which may result in the adjustment for the Conversion Price under the Convertible Note. Further announcement will be made by the Company in accordance with the Listing Rules if any event which will result in the adjustment for the Conversion Price occurs.

The Conversion Price may not be reduced so that, on conversion of Convertible Note, Shares would fall to be issued at a discount to their par value.

The Conversion Price represents (i) a discount of approximately 20% to the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 14% to the average closing price of HK\$0.2558 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; (iii) a discount of approximately 10.35% to the average closing price of HK\$0.2454 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

**Conversion:** No fraction of a Share shall be issued on conversion and no amount in lieu thereof shall be refunded to the Noteholder. Any conversion shall be made in the amount of HK\$1,000,000 or the multiples thereof and if any time, the outstanding principal amount of the Convertible Note shall be less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Note shall be convertible.

The Company shall not allot and issue Shares to the Noteholder nor shall the Noteholder be permitted to convert the Convertible Note (or parts thereof) if upon such allotment and issue or conversion (as the case may be), the Noteholder and parties acting in concert with it shall be interested (whether directly or indirectly) in 29.99% or more of the then issued share capital of the Company at the date of the relevant exercise or cause the public float of the Company unable to meet the requirements under the Listing Rules. If the conversion of the Convertible Note will result in the Noteholder and the parties acting in concert with it being interested in 29.99% or more of the issued share capital of the Company or cause the public float of the Company unable to meet the requirements under the Listing Rules, the Noteholder may only exercise its right of conversion after depositing part of the Shares then held by it.

**Transferability:** The Convertible Note may not be transferred unless prior written notice to that effect has been given to the Company and/or to such other party as may be designated and notified to the Noteholder by the Company from time to time. The Convertible Note may not be transferred by the Noteholder, without the prior written consent of the Company, to any connected person (as defined in the Listing Rules) of the Company.

**Ranking:** The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all existing Shares in issue as at the date of the allotment and issue of the Conversion Shares.

Status of Convertible Note:	The Convertible Note constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and will rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
Voting rights:	The Noteholder will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of being a Noteholder.
Application for listing:	No application will be made by the Company for a listing of the Convertible Note. 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 Conversion Shares.

As at the date of this announcement, save for the Convertible Note, no convertible bonds or convertible securities have been issued by the Company.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is in the process of obtaining approval from MLHR for its establishment in Indonesia and is owned as to 60% by the Vendor and 40% by Indo as at the date of the Acquisition Agreement. The Target Company holds a Power of Attorney from Indo, the legal holder of the Mining Licence, to exclusively manage, refine and sell the iron ore at the Mining Area of Indo.

The current business activity of the Target Company as approved by BKPM is trading and exporting of, among other things, iron concrete. It is a Condition under the Acquisition Agreement that the Target Company shall obtain approval from BKPM to amend its existing business scope to the effect that the Target Company is authorised to carry out general business consulting activity in relation to the operation of mining activities in the Mining Area on behalf of Indo. Such general business consulting activity is expected to include but not limited to the following:–

- (a) procuring licensed local (Indonesian) mining companies to explore, dig, mine, and process the iron ores;

- (b) procuring reputable local mining services companies to build and construct a new processing plant for the iron ores;
- (c) procuring reputable local transportation companies to transport the processed iron ores to loading port;
- (d) procuring and arranging necessary logistical requirements at loading port including but not limited to the booking of berths/piers and temporary holding depot;
- (e) procuring and managing overseas sales and marketing agents for the purpose of selling the processed iron ores; and
- (f) receiving and handling enquires from proposed clients interested in the processed iron ores, including but not limited to the arrangement of quality testing of the iron ores.

The Target Company will not be engaged in mining activities and its role is to procure various local reputable companies to provide all the necessary mining related services so that the Target Company can market and sell the processed iron ores to customers. After Completion, Indo, the Vendor and the Purchaser remain as shareholders of the Target Company and Indo, being the holder of the Mining Licence, shall continue to give all necessary assistance, which the Target Company may deem fit, to facilitate the Target Company to carry out its business activity. The Guarantor remains to be the ultimate beneficial owner of Indo and the Vendor.

Under the Power of Attorney granted to the Target Company by Indo as at the date of the Acquisition Agreement, (a) Indo has granted the Target Company with the right to manage, refine and sell the mining products extracted from the Mining Area; and (b) the Target Company may exercise the power given under the Power of Attorney and it will be valid until the end of the term of the Mining Licence, subject to any extension thereof. As the Target Company will carry out general consulting activity in relation to the operation of mining activities in the Mining Area on behalf of Indo, it is a Condition that the Power of Attorney shall be amended to the effect that the Target Company shall be granted with the rights and authorities to provide general business consulting (including consultation relating to the operation of the mining activities in the Mining Area on behalf of Indo).

## **INFORMATION OF THE MANAGEMENT AGREEMENT**

As all activities performed and revenue generated by the Target Company will be deemed as activities conducted on behalf of Indo under the Power of Attorney, it is a Condition of the Acquisition Agreement that Indo and the Target Company shall enter into a management agreement relating to the management and operation by the Target Company of the mining activities in the Mining Area which contains the provisions, among the others, that: (a) Indo grants an exclusive and irrevocable right to the Target Company to manage the Mining Area; (b) Indo agrees that all profit derived from the sale of the iron ores and/or any related products shall belong to the Target Company; and (c) Indo shall compensate the Target Company HK\$1,050,000,000 in the event of any breach of any terms in the management agreement by Indo.

The management agreement, once executed, will enable the Target Company to receive its profits from managing and operating the mining activities in the Mining Area on behalf of Indo and from the sale of the iron ores and/or derivative and related products mined at the Iron Ore Mine which said profits will be the future revenue source of the Target Company. The Company will be entitled to 55% of the profits, assets and liabilities of the Target Company through its indirect shareholding in the Target Company held by the Purchaser.

The amount of compensation of HK\$1,050 million under the management agreement was determined by arm's length negotiation between the parties on normal commercial terms with reference to the Consideration payable by the Purchaser for the Sale Shares, being HK\$577,500,000. If Indo is in breach of the management agreement (e.g. the rights granted by Indo to the Target Company is revoked or of no further effect), this would adversely affect the Company's interests and Indo shall compensate the Company through the Purchaser in an amount equivalent to the Consideration. As such, the Target Company shall receive compensation in the amount of HK\$1,050 million and then distribute and pay such compensation to its shareholders according to their shareholding ratios in the Target Company whereupon the Purchaser will be distributed and paid HK\$577,500,000 for its 55% interests in the Target Company. Given that the Company shall be entitled to receive compensation equivalent to the amount of the Consideration under the management agreement, the Directors are of the view that such arrangement is fair and reasonable, and is in the best interests of the Company and the Shareholders as a whole.

## **INFORMATION OF MINING AREA**

The Entire Mining Area is located in Lumajang, East Java Province with the total area of 8,495.6 hectares. The Mining Licence held by Indo covers the Entire Mining Area. Under the Power of Attorney, Indo grants exclusive rights and authorities to the Target Company to carry out mining activities in the Mining Area located in Lumajang, East Java, Indonesia and covering a site area of at least 1,195 hectares where the Iron Ore Mine is located.

The Mining Licence held by Indo is IUP (Mining Business Licence) for Exploration which provides Indo with the rights to carry out feasibility study and exploration activities at the Mining Area. Under this IUP for Exploration, Indo is not permitted to conduct the exploitation and sale of the products from the Mining Area. Indo will need to obtain another license, namely IUP for Operation and Production which will only be granted to the holders of IUP for Exploration to continue their activities in the mining area designated in the IUP.

As at the date of the Acquisition Agreement, the Iron Ore Mine has not commenced any operations and therefore has no historical performance.

## **FINANCIAL INFORMATION OF THE TARGET COMPANY**

The Target Company is in the process of obtaining approval from the MLHR for its establishment in Indonesia and has no turnover. The Target Company has a net loss of US\$3,800, representing company formation cost, as shown in its management accounts as at 30 September 2009. The net asset of the Target Company as shown in its management accounts as at 30 September 2009 amounts to US\$96,200.

## **REASONS FOR THE ACQUISITION**

The Company is an investment holding company. The Group is principally engaged in manufacturing and sales of pharmaceutical products and iron mining business. The Company has also acquired an iron mine in Mongolia which was completed in June this year. The Company intends to maintain its existing business of manufacturing and sales of pharmaceutical products after Completion. The Company has no intention to change its board composition as a result of the Acquisition.

In view of the continued economic growth and accelerated industrialization and urbanization in Indonesia, there will be sustained demand for natural resources in long run, despite the current slump in mineral prices. The Directors believe that the demand for natural resources will be considerable and the Company's growth momentum will be maintained by continuing to invest into the natural resources area.



Having taken into account of the possibility that the Group can broaden its revenue stream and improve its profitability in a long term through the Acquisition, which is in line with its existing principal business, the Board anticipates that the Target Company will make contributions to the cash flow and revenue stream of the Group after Completion of the Acquisition.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is in the interests of the Group and the terms and conditions of the Acquisition are on normal commercial terms, which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION OF THE ACQUISITION**

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Acquisition Agreement and the transactions contemplated thereunder, including, but not limited to (i) the issue of the Convertible Note and (ii) the allotment and issue of the Conversion Shares are subject to the approval of the Shareholders at the SGM as required under the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor, its ultimate beneficial owner and associates and the Guarantor does not hold any Shares as the date of this announcement and no Shareholder has a material interest in the Acquisition, and therefore no Shareholder is required to abstain from voting at the SGM.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (a) as at the date of this announcement and (b) upon completion of the allotment and issue of the Conversion Shares, assuming the Convertible Note is converted into the Shares at the Conversion Price in full, are as follows:–

	As at the date of this announcement		Upon allotment and issue of the Conversion Shares, assuming the Convertible Note is converted into Shares at the Conversion Price in full (Note 2)		Upon allotment and issue of the Conversion Shares, assuming the Convertible Note is converted into Shares at the Conversion Price in full to the extent that the Vendor being interested in not more than 29.99% of the issued share capital of the Company (Note 2)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Golden Mount Limited (Note 1)	230,000,000	13.59	230,000,000	5.50	230,000,000	9.53
Vendor	<u>0</u>	<u>0</u>	<u>2,485,227,272</u>	<u>59.49</u>	<u>721,950,894</u>	<u>29.90</u>
<b>Sub-total</b>	<b>230,000,000</b>	<b>13.59</b>	<b>2,715,227,272</b>	<b>64.99</b>	<b>951,950,894</b>	<b>39.43</b>
Public Shareholders	<u>1,462,600,590</u>	<u>86.41</u>	<u>1,462,600,590</u>	<u>35.01</u>	<u>1,462,600,590</u>	<u>60.57</u>
<b>Total</b>	<b><u>1,692,600,590</u></b>	<b><u>100.00</u></b>	<b><u>4,177,827,862</u></b>	<b><u>100.00</u></b>	<b><u>2,414,551,484</u></b>	<b><u>100.00</u></b>

### Notes:

1. Gold Mount Limited is owned by Mr. Chim Pui Chung who is the father of Mr. Chim Kim Lun, Ricky, an executive Director.
2. For illustration purpose only. The Noteholder(s) shall only be entitled to exercise the conversion right attaching to the Convertible Note provided that any conversion of the Convertible Note will not result in the Noteholder(s) and the parties acting in concert with it/them being interested (whether directly or indirectly) in 29.99% or more of the then issued share capital of the Company and trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Noteholder(s) and the parties acting in concert with it/them who exercised the conversion right.

## GENERAL

The circular containing, among other things, (i) further details of the Acquisition; (ii) financial information on the Group; (iii) financial information on the Target Company; (iv) the unaudited pro-forma financial information on the Group as enlarged by the Acquisition; (v) the valuation report on the fair market value of the Iron Ore Mine to be prepared by a qualified independent valuer; (vi) the technical report on the Iron Ore Mine to be prepared by a qualified technical adviser as required under Rule 18.09 of the Listing Rules; and (vii) the notice of the SGM will be sent to the Shareholders as soon as possible.

**As the Acquisition is subject to a number of conditions precedent, it may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 27 October 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 4 November 2009.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 24 October 2009 entered into between the Purchaser, the Vendor and the Guarantor for the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BKPM”	<i>Badan Koordinasi Penanaman Modal</i> (the Investment Coordination Board) of the Republic of Indonesia which authorize to issue approval for direct investment in Indonesia by foreign parties

“Business Day”	a day (other than a Saturday, a Sunday or a day on which a typhoon signal No. 8 or black rainstorm warning is hoisted in Hong Kong at 10:00 a.m.) on which banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition
“Completion Date”	the third Business Day after fulfillment or waiver by the Purchaser of the Conditions or such other date as the parties may agree in writing
“Conditions”	the conditions precedent for completion of the Acquisition Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration payable by the Purchaser for the Acquisition, being the sum of HK\$577,500,000
“Conversion Price”	the conversion price of the Convertible Note at HK\$0.22 per Conversion Share (subject to adjustments), credited as fully paid
“Conversion Shares”	2,485,227,272 new Shares to be issued upon exercise of the conversion rights attaching to the Convertible Note
“Convertible Note”	the 7-year zero coupon convertible non-redeemable note in a principal amount up to HK\$546,750,000 to be issued by the Company at a conversion price of HK\$0.22 per Conversion Share in favour of the Vendor or its nominee(s) to satisfy part of the Consideration

“Deed of Establishment”	the Deed of Establishment of the Target Company which contains its articles of association
“Deposit”	a refundable deposit of HK\$30,750,000 to be paid by the Purchaser to the Vendor under the Acquisition Agreement
“Director(s)”	means the directors of the Company
“Entire Mining Area”	the mining area located in Lumajang, East Java Province with the total area of 8,495.6 hectares
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Lam Chong San, an Independent Third Party
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected persons (as defined under the Listing Rules)
“Indo”	PT. Indo Modern Mining Sejahtera, an Independent Third Party and a beneficial owner of 40% of the entire issued share capital of the Target Company
“Iron Ore Mine”	an iron ore mine located in Propinsi Jawa Timur, Indonesia and covering a site area of approximately 1,195 hectares
“Last Trading Day”	23 October 2009, being the last trading day immediately before the date of the Acquisition Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	30 April 2010 (or such later date as the Vendor and the Purchaser may agree in writing)
“Mining Area”	the mining area located in Lumajang, East Java, Indonesia and covering a site area of at least 1,195 hectares where the Iron Ore Mine is located
“Mining Licence”	the Mining Business Licence for Exploration ( <i>Ijin Usaha Pertambangan Eksplorasi – IUP</i> ) issued by the Head of Regency of Lumajang, East Java, Indonesia, under which Indo is licensed to conduct exploration and feasibility study in the Entire Mining Area
“MLHR”	the Ministry of Law and Human Rights of the Republic of Indonesia
“Noteholder(s)”	the person(s) whose name appears in the register as the holder(s) of the Convertible Note for the time being
“Power of Attorney”	the Deed of Statement and Power of Attorney dated 12 September 2009 and made between Indo and the Target Company, pursuant to which, Indo grants exclusive rights and authorities to the Target Company to manage and arrange all activities in the Mining Area on behalf of Indo
“Purchaser”	Mighty Kingdom Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Sale Shares”	55,000 shares in the Target Company held by the Vendor, representing 55% of the entire issued share capital of the Target Company
“SGM”	a special general meeting of the Company to be convened and held to approve the Acquisition Agreement and the transactions contemplated thereunder

“Share(s)”	ordinary shares of HK\$0.05 each in the capital of the Company and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	PT. Dampar Golden International, a company incorporated in Indonesia and beneficially owned by the Vendor as to 60% and Indo as to 40%
“Vendor”	Empire Bridge Assets Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by the Guarantor
“%”	per cent.

By Order of the Board  
**Asia Resources Holdings Limited**  
**Chim Kim Lun, Ricky**  
*Chairman*

Hong Kong, 3 November 2009

*As at the date of this announcement, the executive directors of the Company are Mr. Chim Kim Lun, Ricky, Mr. Chan Shun Yuen, Mr. Chan Sung Wai and Mr. Wong King Lam, Joseph, and the independent non-executive directors are Mr. Yiu Fai Ming, Mr. Zhang Xianlin and Mr. Tse Yuk Kong.*