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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)

PROPOSED PLACING OF CONVERTIBLE NOTES AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

PLACING AGENT



**金利豐證券
KINGSTON SECURITIES**

Kingston Securities Ltd

PROPOSED PLACING OF CONVERTIBLE NOTES

On 11 July 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed to procure, on a best efforts basis, independent Placees to subscribe in cash for the Convertible Notes of up to an aggregate principal amount of HK\$608,000,000 in a maximum of three (3) tranches. Assuming the Convertible Notes are placed in full, the maximum gross proceeds from the placing of the Convertible Notes is HK\$608,000,000 and the maximum net proceeds from the placing of the Convertible Notes (after deducting the commission and other related expenses) are estimated to be approximately HK\$599,700,000. The net proceeds from the Convertible Notes will be used (i) as to approximately HK\$450,000,000 for potential future investments, including real estate projects; and (ii) the remaining amount of approximately HK\$149,700,000 for the general working capital of the Group and investments in any potential business opportunity, if any.

* For identification purposes only

The initial Conversion Price is HK\$0.38 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Notes). Assuming the Convertible Notes in an aggregate principal amount of HK\$608,000,000 are placed in full, and upon full conversion of the Convertible Notes, a maximum of 1,600,000,000 Conversion Shares will be issued, representing (i) approximately 93.57% of the existing issued share capital of the Company of 1,709,862,857 Shares; and (ii) approximately 48.34% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

Completion of the Placing is conditional upon fulfillment of the conditions precedent in the Placing Agreement.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board also proposes to increase the authorised share capital of the Company from HK\$500,000,000 (divided into 2,000,000,000 Shares) to HK\$2,500,000,000 (divided into 10,000,000,000 Shares) by the creation of an additional 8,000,000,000 Shares, which will rank pari passu with all existing Shares.

The Increase in Authorised Share Capital is conditional upon the passing of a resolution by the Shareholders at the SGM to approve the Increase in Authorised Share Capital.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder (including without limitation the allotment and issue of the Conversion Shares) and the Increase in Authorised Share Capital. A circular containing, among other things, (i) further details about the Placing Agreement and the transactions contemplated thereunder; (ii) the Increase in Authorised Share Capital and (iii) the notice convening the SGM, will be despatched by the Company to the Shareholders as soon as practicable.

Completion of the Placing is subject to, among others, the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 11 July 2014 (after trading hours)

Issuer: The Company

Placing Agent: Kingston Securities Limited

To the best of the information and knowledge of the Directors having made all reasonable enquiries, the Placing Agent and its associates are not connected persons of the Company and are independent of and not connected with the Company and its connected persons.

Pursuant to the Placing Agreement, the Company agreed to issue and the Placing Agent agreed to place in a maximum of three (3) tranches, on a best effort basis, the Convertible Notes of an aggregate principal amount of up to HK\$608,000,000. It is expected that the Convertible Notes will be placed to not fewer than six independent Placees who and whose ultimate beneficial owners are not connected with the Company and its connected persons procured by the Placing Agent.

Conditions precedent of the Placing

Completion of the Placing is conditional upon fulfillment of the following conditions:

- (A) the Stock Exchange granting or agreeing to the listing of and permission to deal in the Conversion Shares which may be issued upon the exercise of the conversion rights attaching to the relevant tranche of the Convertible Notes;
- (B) the passing of resolution(s) by the Shareholders at the SGM to approve the Placing Agreement and the transactions contemplated thereunder (including without limitation to the issue of the Convertible Notes and the allotment and issue of the Conversion Shares);

- (C) the passing of a resolution by the Shareholders at the SGM to approve the Increase in Authorised Share Capital; and
- (D) (if necessary) the Bermuda Monetary Authority granting its permission to the allotment and issue of the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Notes.

If any of the above conditions precedent is not fulfilled on or prior to the 30th day from the date of the SGM (but in any event not later than 31 October 2014 or such other date as the Placing Agent and the Company may agree in writing), the Placing Agreement shall have no effect and no party shall have any claim against the other party for any costs or losses in respect of the Placing Agreement save for any prior breaches of the Placing Agreement prior to such termination.

Completion of the Placing

Subject to the fulfillment of the above conditions precedent and the Placing Agent's right to terminate the Placing Agreement as described under paragraph headed "Termination" below, completion of the Placing shall take place on the fifth (5th) Business Day after all the conditions precedent are satisfied in accordance with the Placing Agreement, or such other date as the Placing Agent and the Company may agree in writing.

The Placing is expected to take place in the order of the Tranche 1 Notes, the Tranche 2 Notes and the Tranche 3 Notes respectively.

Termination

If at any time on or prior to 9:00 a.m. on the date of completion of the Placing:

- (A) there develops, occurs or comes into force:
 - (I) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (II) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Convertible Notes to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the placing of Convertible Notes; or
- (III) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the placing of the Convertible Notes (such success being the placing of the Convertible Notes to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the placing of the Convertible Notes; or
- (B) any breach (which is material in the absolute opinion of the Placing Agent) of any of the representations, warranties and undertakings of the Company set out in the Placing Agreement; or
- (C) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days (save for the purposes of the clearing of the announcement(s) or circular(s) relating to the Placing Agreement, the Placing and/or any other ancillary agreements),

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 9:00 a.m. on the date of completion of the Placing.

In the event that the Placing Agent terminates the Placing Agreement due to the occurrence of any of the aforesaid event, all obligations of each of the Company and the Placing Agent under the Placing Agreement shall cease and determine and none of the Company and the Placing Agent shall have any claim against each other in respect of any matter arising out of or in connection with the Placing Agreement save for any breach arising prior to such termination.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are summarised below:

Issuer	:	The Company
Principal amounts	:	HK\$608,000,000, comprising the Tranche 1 Notes with the principal amount of not less than HK\$190,000,000; the Tranche 2 Notes with the maximum principal amount of up to HK\$190,000,000; and the Tranche 3 Notes with the maximum principal amount of up to HK\$228,000,000.
Interest	:	Each of the Tranche 1 Notes, the Tranche 2 Notes and the Tranche 3 Notes shall bear interest at a rate of 12% per annum from the date of issue payable semi-annually in arrears.
Maturity Date	:	The date falling on the second anniversary of the date of issue of the relevant tranche of the Convertible Notes.
Conversion Price	:	The initial conversion price of the Convertible Notes under the Placing Agreement, subject to the usual adjustment, is HK\$0.38 per Conversion Share. The conversion price of the Convertible Notes is subject to anti-dilution adjustment provisions which are standard terms for convertible securities of similar type. The anti-dilution adjustment events will arise as a result of certain change in the Shares including, inter alia, consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company.

Conversion rights : The conversion rights under each of the Tranche 1 Notes, the Tranche 2 Notes and the Tranche 3 Notes shall be exercisable during the conversion period commencing on the date falling on 3 months after the date of issue of the Tranche 1 Notes, the Tranche 2 Notes and the Tranche 3 Notes (as the case may be) and ending on the 3rd Business Day immediately preceding the Maturity Date.

Upon the exercise of any conversion rights under the Convertible Notes, the Company will allot and issue such number of Conversion Shares in respect of which conversion rights are exercised provided that no conversion right may be exercised, to the extent that following such exercise (i) a holder of the Convertible Notes and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in more than 19.9% of the entire issued share capital of the Company or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer, whichever is lower (the “**Maximum Limit**”), or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.

Status : The Convertible Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking pari passu and rateably without any preference among themselves, and with other direct, unconditional, unsubordinated and unsecured obligations of the Company.

Voting : The Convertible Notes do not confer any voting rights at any meetings of the Company.

- Transferability : The Convertible Notes will be freely transferable provided that if the transfer is made to a connected person of the Company, such transfer shall comply with the requirements under the Listing Rules.
- Early redemption : The Company shall have the right of redeem all or any part of the Convertible Notes at any time immediately after the first anniversary of the date of initial issue of the Convertible Notes and prior to the Maturity Date.
- Holders of the Convertible Notes will have no right to redeem any of the Convertible Notes prior to the Maturity Date.
- Redemption on Maturity Date : Unless previously converted into Conversion Shares or redeemed in accordance with the terms of the Convertible Notes, the Company shall redeem all outstanding Convertible Notes on the Maturity Date

Conversion Shares

The Conversion Price of HK\$0.38 per Conversion Share represents:

- (i) a premium of approximately 5.56% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 4.97% to the average closing price of approximately HK\$0.362 per Share for the last five trading days immediately prior to the date of the Placing Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent performance of the Shares, the Group's existing financial position and current market conditions.

Based on the Conversion Price of HK\$0.38, a maximum number of 1,600,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes in full, which represent:

- (i) approximately 93.57% of the existing issued share capital of the Company of 1,709,862,857 Shares; and
- (ii) approximately 48.34% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Based on the above and the reasons as set out in the section headed “Reasons for the Placing of the Convertible Notes and Use of Proceeds” below, the Directors (including the independent non-executive Directors) are of the view that the terms of the Convertible Notes are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares. Holders of the Conversion Shares will be entitled to receive all future dividends and distributions on or after the date of allotment and issue of the Conversion Shares.

Specific mandate

The Conversion Shares will be issued under a specific mandate proposed to be sought from the Shareholders at the SGM.

Application for listing

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Notes.

REASONS FOR THE PLACING OF THE CONVERTIBLE NOTES AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in manufacturing and sale of pharmaceutical products, iron mining business, real estate investment and securities trading. As stated in the Company's annual results announcement dated 27 June 2014, the Company will continue to explore opportunities for business diversification in order to improve its earning base. It is the strategy of the Group to diversify into the real estate sector in the People's Republic of China. In line with this strategy, the Group has already acquired certain real estate investment projects and is identifying further potential real estate projects for investment purposes. Hence, additional funding is required for the further possible real estate investment(s). The Directors have considered various fund raising methods and believe that taking into account the prevailing market condition, the Placing represents an opportunity for the Group to raise equity capital for its future development.

The Directors consider that the issue of the Convertible Notes will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders and, if the conversion rights attached to the Convertible Notes are exercised, the capital base of the Company will be enlarged.

Assuming the Convertible Notes are placed in full, the maximum gross proceeds from the placing of the Convertible Notes is HK\$608,000,000 and maximum net proceeds from the placing of the Convertible Notes (after deducting the commission and other related expenses) is estimated to be approximately HK\$599,700,000. Assuming the Convertible Notes are placed in full and converted into the Conversion Shares at the initial Conversion Price of HK\$0.38, the net proceeds raised per Conversion Share will be approximately HK\$0.375. The net proceeds from the Convertible Notes will be used (i) as to approximately HK\$450,000,000 for potential future investments, including real estate projects; and (ii) the remaining amount of approximately HK\$149,700,000 for the general working capital of the Group and investment in any potential business opportunity, if any.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months prior to the date of this announcement.

Date of announcement	Fund raising activities	Net Proceeds	Intended use of proceeds as announced	Actual use of proceeds
12 July 2013	Placing of new Shares	HK\$18,000,000	General working capital and/or to pursue suitable investment opportunities	Approximately HK\$9,700,000 was utilised as general working capital, approximately HK\$2,800,000 was utilised as capital expenditures and working capital for the properties in Hangzhou, and approximately HK\$5,500,000 was utilised as working capital for the Group's mining business in Indonesia.
15 August 2013	Placing of the convertible notes of the Company	HK\$532,400,000	Approximately HK\$350,000,000 for potential future investments, including real estate projects; and the remaining amount for the general working capital of the Group and investment in any potential business opportunity, if any	HK\$450,000,000 was utilised for the acquisition of real estate investment as detailed in the Company's circular dated 26 May 2014, and approximately HK\$63,000,000 was utilised as refundable deposit for a real estate investment as detailed in the Company's announcement dated 24 June 2014; and the remaining amount will be utilised as working capital of the Group and investment in any potential business opportunity, if any.

EFFECTS ON SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes (assuming there is no change in the existing shareholding of the Company).

Name	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes (for illustrative purpose only) <i>(Note 4) (Note 5)</i>	
	Number of Shares held directly or indirectly	Approximate percentage of the total issued share capital of the Company	Number of Shares held directly or indirectly	Approximate percentage of the total issued share capital of the Company
Directors				
Cheung Kai Kwong <i>(Note 1)</i>	3,200,000	0.19%	3,200,000	0.10%
Lin Chengdong	3,200,000	0.19%	3,200,000	0.10%
Yeung Yiu Bong, Anthony <i>(Note 2)</i>	840,000	0.05%	840,000	0.02%
Substantial Shareholders				
Zhan Sheng Qiang <i>(Note 3)</i>	278,950,000	16.31%	278,950,000	8.43%
Ng Lin Na	240,000,000	14.04%	240,000,000	7.25%
Lui Shangmin	202,930,000	11.87%	202,930,000	6.13%
Other Shareholders				
Public shareholders	980,742,857	57.35%	980,742,857	29.63%
Places	—	—	1,600,000,000	48.34%
Total	<u>1,709,862,857</u>	<u>100.00%</u>	<u>3,309,862,857</u>	<u>100.00%</u>

Notes:

1. Such Shares are registered in the name of Brave Admiral Limited, a company wholly-owned by Mr. Cheung Kai Kwong, a Director.
2. Such Shares are registered in the name of Fieldton Holdings Limited, a company wholly-owned by Mr. Yeung Yiu Bong Anthony, a Director.
3. Such Shares are registered in the name of Asia Property Finance Investment Limited, a company wholly-owned by Mr. Zhan Sheng Qiang.
4. Under the terms and conditions of the Convertible Notes, no conversion right may be exercised to the extent that following such exercise (i) a holder of the Convertible Notes and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in more than 19.9% of the entire issued share capital of the Company or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer, whichever is lower, or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.
5. The Company will ensure that it will not be in breach of the minimum public float requirement under the Listing Rules.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$500,000,000 divided into 2,000,000,000 Shares of which 1,709,862,857 Shares are in issue; there are outstanding Share Options carrying rights to subscribe for an aggregate of 3,580,000 Shares; and there are outstanding convertible notes issued by the Company with conversion rights for 90,137,143 Shares.

In order to provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future as and when necessary, the Board proposes to increase the authorized share capital of the Company from HK\$500,000,000 (divided into 2,000,000,000 Shares) to HK\$2,500,000,000 (divided into 10,000,000,000 Shares) by the creation of an additional 8,000,000,000 Shares, which will rank *pari passu* with all existing Shares.

The Increase in Authorised Share Capital is conditional upon the passing of a resolution by the Shareholders at the SGM to approve the Increase in Authorised Share Capital.

GENERAL

A special general meeting of the Company will be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details about the Placing Agreement and the transactions contemplated thereunder; (ii) the Increase in Authorised Share Capital; and (iii) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Director or Shareholder has a material interest in the placing of the Convertible Notes and no Shareholder is required to abstain from voting at the SGM.

Completion of the Placing is subject, among others, to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday, public holiday, or days on which a typhoon signal No. 8 or black rainstorm signal is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Conversion Price”	initially HK\$0.38 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Notes)
“Conversion Share(s)”	the new Share(s) to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes
“Convertible Note(s)”	the Tranche 1 Notes, Tranche 2 Notes and the Tranche 3 Notes respectively (as the case maybe)
“Director(s)”	the director(s) of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$500,000,000 divided into 2,000,000,000 Shares to HK\$2,500,000,000 divided into 10,000,000,000 Shares
“Listing Rules”	Rules Governing the Listing of Securities on the of Stock Exchange
“Maturity Date”	the date falling on the second anniversary of the date of issue of the relevant tranche of the Convertible Notes
“Placee(s)”	any individual, corporation and/or institutional investors procured by the Placing Agent to subscribe for any of the Convertible Notes pursuant to the Placing Agreement
“Placing”	the placing of the Convertible Notes on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	a placing agreement dated 11 July 2014 entered into between the Company and the Placing Agent in relation to the Placing
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider, and if thought fit, pass the resolution(s) to approve the Placing Agreement and the transaction contemplated thereunder (including without limitation the allotment and issue of the Conversion Shares); and the Increase in Authorised Share Capital
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tranche 1 Notes”	the first tranche of convertible notes in registered form comprising the 12% per annum coupon rate convertible notes in the principal amount of not less than HK\$190,000,000 to be issued by the Company to the Placees pursuant to the Placing Agreement
“Tranche 2 Notes”	the second tranche of convertible notes in registered form comprising the 12% per annum coupon rate convertible notes in the principal amount of up to HK\$190,000,000 to be issued by the Company to the Placees pursuant to the Placing Agreement
“Tranche 3 Notes”	the third tranche of convertible notes in registered form comprising the 12% per annum coupon rate convertible notes in the principal amount of up to HK\$228,000,000 to be issued by the Company to the Placees pursuant to the Placing Agreement

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
ASIA RESOURCES HOLDINGS LIMITED
Chim Kim Lun, Ricky
Chairman

Hong Kong, 11 July 2014

As at the date of this announcement, the Board consists of five executive Directors, Mr. Chim Kim Lun, Ricky, Mr. Cheung Kai Kwong, Mr. Yeung Yiu Bong, Anthony, Mr. Lu Jianling and Mr. Lin Chengdong; one non-executive Director, Mr. Tong Leung Sang; and three independent non-executive Directors, Mr. Zhang Xianlin, Mr. Lum Pak Sum and Mr. Kwok Hong Yee, Jesse.