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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)

MAJOR AND CONNECTED TRANSACTION – ACQUISITION OF PROPERTIES

THE ACQUISITION

The board is pleased to announce that on 12 October 2017 (after trading hours), the Purchaser, being a wholly owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Properties at the Consideration of RMB625,000,000.

IMPLICATIONS OF THE LISTING RULES

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is beneficially wholly owned by Mr. Li Yuguo, who is a substantial Shareholder holding approximately 15.76% of the issued share capital of the Company as at the date of this announcement, the chairman and an executive director of the Company. Accordingly, the Vendor is an associate of Mr. Li Yuguo and hence a connected person of the Company under Chapter 14A of the Listing Rules and the Acquisition constitute a connected transaction, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company, and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

* *For identification purpose only*

GENERAL

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Acquisition, (ii) the financial information of the Group, (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iv) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (v) the valuation report of the Properties; and (vi) a notice convening the SGM is expected to be despatched to the Shareholders on or before 2 November 2017.

Completion of the Acquisition is subject to fulfilment of certain conditions set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Vendor and the Purchaser entered into the Sale and Purchase Agreement on 12 October 2017 (after trading hours), pursuant to which, the Vendor has conditionally agreed to sell, and the Purchaser, being a wholly owned subsidiary of the Company, has conditionally agreed to acquire, the Properties at a total consideration of RMB625,000,000.

THE SALE AND PURCHASE AGREEMENT

Date 12 October 2017

Parties

Purchaser Asiatici Investment Limited, a company incorporated in Hong Kong with limited liability

Vendor 遼寧京豐置業有限公司, a company incorporated in the PRC with limited liability

The Purchaser is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is beneficially wholly-owned by Mr. Li Yuguo, who is a substantial shareholder holding approximately 15.76% of the issued share capital of the Company as at the date of this announcement, the chairman and an executive director the Company. Accordingly, the Vendor is an associate (as defined in the Listing Rules) of Mr. Li Yuguo and hence a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Properties.

The Properties comprise Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC. The gross floor area of the Properties is approximately 34,754.58 square metres ("**Agreed Area**"), while the gross floor area of office is approximately 30,480.96 square metres.

It is currently intended that upon the completion of the construction of the Properties, the Properties will be leased out as office by the Group.

Consideration

The Consideration shall be RMB625,000,000 being RMB20,500 per square meter multiplied by Agreed Area for office use.

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) as to 5% of the Consideration to be payable within 10 days upon the signing of the Sale and Purchase Agreement;
- (b) as to 10% of the Consideration to be payable within 10 days upon the Independent Shareholders' having approved by way of ordinary resolution(s) the Sale and Purchaser Agreement and the transactions contemplated thereunder at the SGM;
- (c) as to 65% of the Consideration to be payable within 10 days after 80% of the total investment amount having been invested to the Purchaser's satisfaction (the Vendor has to provide the related financial information and all of the supporting documents to the Purchaser);
- (d) as to 10% of the Consideration to be payable within 10 days after 90% of the total investment amount having been invested to the Purchaser's satisfaction (the Vendor has to provide the related financial information and all of the supporting documents to the Purchaser);
- (e) as to 10% of the Consideration to be payable within 10 days of date of completion of the Acquisition in accordance with the Sale and Purchase Agreement.

In the event that the area shown in building ownership certificate differs from the Agreed Area for office use, (a) the area shown in building ownership registration certificate shall prevail; (b) both Vendor and Purchaser have agreed that, after delivery of the Properties:

1. both parties shall not be liable to make any compensation if the absolute value of the percentage deviation of the area is 0.6% or below;
2. both parties shall refund the excess amount or make additional payment (as the case may be) based on the unit price as stipulated in the Sale and Purchase Agreement if the absolute value of the percentage deviation of the area is greater than 0.6% and equal to or below 1%;

3. if the absolute value of the percentage deviation of the area is greater than 1%, the Purchaser shall be entitled to elect to be refunded or make additional payment (as the case may be) or return the Properties acquired under the Sale and Purchase Agreement. If the Purchaser elects to return the Properties, the Vendor shall refund all of the Consideration paid by the Purchaser and interest thereon (incurred from payment date to refund date, based on the interest rate for RMB denominated demand deposits offered by The People's Bank of China on the refund date) within 30 days after the written request of returning the Properties served by the Purchaser.

Absolute value of the percentage deviation of the area of the Properties

$$= (\text{Area as shown in building ownership registration certificate} - \text{Agreed Area}) / \text{Agreed Area} \times 100\%$$

If the Purchaser fails to pay to the Vendor any payments of the Consideration in accordance with the relevant due date for such payment under the Sale and Purchase Agreement, the Purchaser is liable to pay to the Vendor a daily fee of 0.02% of such amount of the Consideration due for payment, accruing from the day following the due date of the relevant part of the Consideration to the day of full repayment of such relevant part of the Consideration. The total amount of such daily fees payable by the Purchaser to the Vendor shall not exceed 2% of the Consideration.

In the event that the Purchaser fails to make the payment and the relevant default penalty for more than 180 days, the Vendor shall have the right to terminate the Sale and Purchase Agreement unilaterally and require the Purchaser to pay the default penalty in the amount of 2% of the Consideration. Subsequent to the payment of default penalty by the Purchaser, the Vendor shall return to the Purchaser the relevant part of the Consideration paid without interest to the Vendor.

Basis of the Consideration

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser under normal commercial terms and with reference to, among others, the preliminary valuation of the Properties at RMB625,000,000 as on 30 September 2017, as carried out by an independent professional valuer and based on completion basis on direct comparison approach by making reference to comparable property sales transactions as available in the market.

The final valuation report of the Properties will be included in the circular to be dispatched.

Source of Funding

The Company will fund the Acquisition by its internal resources and/or bank borrowing.

Conditions of the Sale and Purchase Agreement

The completion of the Acquisition is conditional on:

- i) all necessary consents, approvals and exemptions required to be obtained on the part of the Purchaser in respect of the Acquisition having been obtained (if any);
- ii) all necessary consents, approval and exemptions required to be obtained on the part of the Vendor in respect of the Acquisition having been obtained (if any);
- iii) the Vendor having provided to the Purchaser (i) evidence that the construction of the Properties has been completed in full compliance of the laws and regulations to the satisfaction of the Purchaser, and (ii) evidence of title and interest of the Properties;
- iv) Mr. Li Yuguo having provided to the Purchaser a guarantee to the satisfaction of the Purchaser;
- v) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from an independent professional valuer appointed by the Purchaser and/or the Company showing the valuation of the Properties as at 30 September 2017 to be not less than RMB625,000,000;
- vi) the obtaining by the Purchaser of a legal opinion in the form and substance satisfactory to the Purchaser issued by a practising lawyer in the PRC; and
- vii) the Independent Shareholders having approved by way of ordinary resolution(s) the Sale and Purchase Agreement and the transactions contemplated thereunder at an SGM.

If the conditions above have not been fulfilled (or waived) before 31 December 2019 or such other date as the Vendor and the Purchaser may agree in writing, the Sale and Purchase Agreement shall terminate whereupon the parties shall have no further claims against each other under the Sale and Purchase Agreement save for accrued rights prior to such termination. The Vendor shall refund to the Purchaser all payments of Consideration paid within 10 days after termination or such other date as the Vendor and the Purchaser may agree in writing.

Completion

If the Vendor fails to deliver the Properties to the Purchaser in accordance with the Sale and Purchase Agreement on or before 31 December 2019, the Vendor is liable to pay to the Purchaser a daily fee of 0.02% of the Consideration paid by the Purchaser, accruing from the day following the due date for delivery under the Sale and Purchase Agreement to the day of actual delivery of the Properties to the Purchaser. The total amount of such daily fees payable by the Vendor to the Purchaser shall not exceed 2% of the Consideration.

In the event that the Vendor fails to deliver the Properties as scheduled, the Purchaser shall have the right to terminate the Sale and Purchase Agreement unilaterally and require the Vendor to pay the default penalty in the amount of 2% of the Consideration, and that the Vendor is required to return the Consideration paid to the Purchaser.

INFORMATION ABOUT THE COMPANY, THE GROUP, THE PURCHASER AND THE VENDOR

The Company is an investment holding company.

The Group is principally engaged in (i) iron mining business; (ii) securities and other trading business; (iii) money lending business; and (iv) property investment.

The Purchaser is principally engaged in investment holding.

The Vendor is a company incorporated in the PRC with limited liability, and is principally engaged in property development, property leasing and sales.

INFORMATION ABOUT THE PROPERTIES

The piece of land on which the Properties is situated at is part of the Shifu Main Road, Heping District, Shenyang City, Liaoning Province, PRC, with the reference number of 011652204-2 and a site area of 25,120.02 square metres. The land use right of such piece of land is governed by the Land Use Right Contract No. 2101012014A0030.

According to the Sale and Purchase Agreement, Completion of the Acquisition shall take place before 31 December 2019 or such other date as the Vendor and the Purchaser may agree in writing. Upon satisfaction of the delivery conditions for the Properties under the Sale and Purchase Agreement, the Vendor shall notify the Purchaser in writing to commence the procedures for delivery of the properties. Where both parties carry out the inspection and acceptance procedures for the Properties, the Vendor shall produce the acceptance certificate and sign the delivery document. In the event that the Vendor does not produce the aforesaid certificate, the Purchaser has the right to refuse the delivery and the liability of delayed delivery resulting therefrom shall be assumed by the Vendor.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The management of the Company currently expects the commercial property market of PRC to be in a rising trend in the future and therefore the Acquisition is an attractive opportunity for the Company to acquire the Properties for leasing purpose in order to generate a steady flow of rental income for the Group in the future.

In view of the above, the Board (excluding the independent non-executive Directors whose views will be rendered after considering the recommendation from the independent financial adviser of the Company) considers that the Sale and Purchase Agreement has been entered into on normal commercial terms and the terms thereto are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

Mr. Li Yuguo, the Director who has a material interest in the Acquisition by virtue of his shareholding interests in the Company and the Vendor as disclosed in the following section, has abstained from voting on the board resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is beneficially wholly owned by Mr. Li Yuguo, who is, as at the date hereof, a substantial Shareholder holding approximately 15.76% of the issued share capital of the Company, the chairman and an executive director of the Company. Accordingly, the Vendor is an associate of Mr. Li Yuguo and hence is a connected person of the Company under Chapter 14A of the Listing Rules and the Acquisition constitutes a connected transaction, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company, and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The voting in respect of the Acquisition at the SGM will be conducted by way of poll. Mr. Li Yuguo and his associates are required to abstain from voting in respect of the resolution(s) approving the Sale and Purchase Agreement and Acquisition at the SGM.

Save for the aforesaid and to the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no other Shareholder has a material interest in the Acquisition and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the Sale and Purchase Agreement and the Acquisition at the SGM.

GENERAL

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition, (ii) the financial information of the Group, (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iv) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (v) the valuation report of the Properties; (vi) a notice convening an SGM; and (vii) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 2 November 2017.

Completion of the Acquisition is subject to fulfilment of certain conditions set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

“Acquisition”	the acquisition of the Properties by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement and the transactions contemplated thereunder
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Building T3”	the 35-storey building, under the Shenyang Commodity Housing Pre-sale Contract No. 16122, on 46 Nanjing North Street which is part of the land situated at Shifu Main Road, Heping District, Shenyang City, Liaoning Province, PRC (reference number of 011652204-2)
“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange (Stock Code: 899)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB625,000,000
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ng Ping Yiu, formed to advise the Independent Shareholders as to the Acquisition

“Independent Shareholders”	Shareholders other than Mr. Li Yuguo and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic China
“Properties”	The Properties comprise Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC under the Shenyang Commodity Housing Pre-sale Contract No. 16122
“Purchaser”	Asiaciti Investment Limited, a company incorporated in Hong Kong with limited liability
“RMB”	the lawful currency for the time being of PRC
“Sale and Purchase Agreement”	the agreement dated 12 October 2017 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Properties
“SGM”	a special general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of par value of HK \$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Vendor” 遼寧京豐置業有限公司 a company incorporated in the PRC with limited liability

“%” percentage

By order of the Board
Asia Resources Holdings Limited
Huang Yilin
Executive Director

Hong Kong, 12 October 2017

As at the date of this announcement, the Board consists of five executive directors, Mr. Li Yuguo, Mr. Huang Yilin, Mr. Chan Shi Yin, Keith, Mr. Liu Yan Chee, James and Mr. Chan Yuk Sang; and three independent non-executive directors, Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ng Ping Yiu.

If there is any inconsistency between the Chinese names of PRC entities, departments, facilities, or titles mentioned in this announcement and their English translation, the Chinese version shall prevail.