

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Asia Resources Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

Asia Resources Holdings Limited
亞洲資源控股有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 899)

**(1) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Advisor to the Independent Board Committee
and the Independent Shareholders**



Platinum Securities Company Limited

A notice convening a special general meeting of the Company to be held at Empire Room 1, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Tuesday, 26 June 2018 at 11:00 a.m. is set out on pages 44 to 45 of this circular.

Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“Announcement”	the announcement of the Company dated 17 April 2018 in relation to, among others, the Subscription;
“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong and on which the Stock Exchange is open for the business of dealing in securities;
“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);
“Completion”	completion of the subscription of the Subscription Shares;
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hunan Xintian”	湖南新田富鋸礦泉水有限公司, a company incorporated in the People’s Republic of China with limited liability, being an indirect 67% subsidiary of the Company and is principally engaged in exploitation, production and sales of spring water;
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder;

DEFINITIONS

“Independent Shareholders”	Shareholders other than the Subscriber and his associates;
“Latest Practicable Date”	1 June 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder and the specific mandate to allot and issue the Subscription Shares;
“Share(s)”	the ordinary share(s) of HK\$0.25 per share in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Specific Mandate”	the specific mandate for the allotment and issuance of the Subscription Shares, which is subject to approval by the Independent Shareholders voting by way of poll at the SGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Mr. Li Yuguo, an individual businessman and the subscriber under the Subscription Agreement, who is also the Chairman, an executive Director and a substantial Shareholder;
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 17 April 2018 entered into between the Company and the Subscriber in respect of the Subscription;

DEFINITIONS

“Subscription Completion Date”	the date of Completion;
“Subscription Price”	HK\$0.25 per Subscription Share;
“Subscription Shares”	1,268,000,000 Shares to be issued by the Company, credited as fully paid up, to the Subscriber; and
“%”	per cent.

Asia Resources Holdings Limited
亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

Executive Directors:

Mr. Li Yuguo

Mr. Huang Yilin

Mr. Chan Shi Yin, Keith

Ms. Guo Yumei

Mr. Liu Yan Chee, James

Mr. Chan Yuk Sang

Independent Non-executive Directors:

Mr. Zhang Xianlin

Mr. Kwok Hong Yee, Jesse

Mr. Ng Ping Yiu

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business

in Hong Kong:

Unit 4312, 43/F

COSCO Tower

183 Queen's Road Central

Hong Kong

5 June 2018

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

As set out in the Announcement, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 1,268,000,000 new Shares at the Subscription Price of HK\$0.25 per Share. The Subscription Shares shall be allotted and issued by way of the Specific Mandate, the approval of which shall be sought at the SGM.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information, among other things, (i) further details in respect of the Subscription Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder; and (iv) the notice of the SGM, and other information as required under the Listing Rules.

THE SUBSCRIPTION AGREEMENT

On 17 April 2018, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price on the Subscription Completion Date.

The Subscription Price is HK\$0.25 per Share, which shall be paid upon Completion.

The Subscription Price is equivalent to the nominal value of each Share and represents (i) a premium of approximately 201.2% to the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on 17 April 2018, being the date of the Subscription Agreement; and (ii) a premium of approximately 175.9% to the average closing price of approximately HK\$0.0906 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to the date of the Subscription Agreement.

The Subscription Price represents (i) a premium of approximately 150% to the closing price of HK\$0.1 of the Company's share as at the Latest Practicable Date and (ii) a discount of approximately 28.6% to the Company's net assets value of HK\$0.35 per Share as at 30 September 2017.

Number of Subscription Shares

1,268,000,000 Subscription Shares represent approximately 19.99% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 16.66% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$317,000,000.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the issued Shares as at the date of allotment of the Subscription Shares.

LETTER FROM THE BOARD

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- a. approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares;
- b. the passing by the Independent Shareholders who are entitled to vote and not required to abstain from voting under the Listing Rules at the SGM to be held and convened for the purpose of approving, inter alia, the issue of the Subscription Shares;
- c. all necessary corporate approvals and consents and third party consents, including the approval of the Bermuda Monetary Authority to the issue of the Subscription Shares (if necessary) for the transactions contemplated under the Subscription Agreement being obtained on or before Completion;
- d. the Subscriber being satisfied that the warranties set out in the Subscription Agreement are true and accurate in all respects as at the date of the Subscription Agreement and at the Subscription Completion Date;
- e. the allotment and issue of the Subscription Shares do not trigger the obligations to make a mandatory general offer under the Code on Takeovers and Mergers; and
- f. there is no indication from the Stock Exchange that the listing status of the securities of the Company will be revoked by the Stock Exchange as a result of the implementation of the transactions contemplated under the Subscription Agreement.

As at the Latest Practicable Date, part of the condition (d) under the Subscription Agreement have been fulfilled.

The Subscription Agreement does not provide for either party to waive any of the above conditions.

The warranties as referred to in condition (d) above include, inter alia, the following:

- (a) the Subscription Shares shall be allotted and issued in accordance with the bye-laws of the Company and in compliance with all relevant laws of Hong Kong and Bermuda and shall have all the rights of the Shares as defined and set forth in the bye-laws of the Company and shall otherwise rank pari passu in all respects inter se and with all other Shares in the issued share capital of the Company as at the date of issue;
- (b) the Subscription Shares shall be allotted and issued fully paid up, free from any liens, claims, equities, pre-emptive rights, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at the date of Completion;

LETTER FROM THE BOARD

- (c) the Subscription Shares represent approximately 19.99% of the existing issued share capital of the Company as at the date of the Subscription Agreement;
- (d) there shall be sufficient number of unissued Shares in the capital of the Company for the allotment and issue of the Subscription Shares prior to Completion;
- (e) subject to the approval of the Shareholders and the Stock Exchange, the Company is fully capable of entering into this Agreement and performing all obligations and duties hereunder without the consent, approval, permission, licence or concurrence of any third party;
- (f) the Company has power under its memorandum of association and bye-laws to issue the Subscription Shares without any further sanction or consent by members of the Company; and
- (g) the whole of the issued share capital of the Company will continue to be listed and dealt in on the Stock Exchange up to and including the Completion Date.

Completion

Completion shall take place within 3 Business Days following the satisfaction of all the conditions precedent referred to in the Subscription Agreement (which shall be no later than 31 July 2018 or such later date as may be agreed by all the parties hereto in writing) at the principal place of business of the Company, or other such place as may be agreed between the parties in Hong Kong.

Information on the Subscriber and the Company

The Subscriber is Mr. Li Yuguo (“**Mr. Li**”), who is an individual businessman. Mr. Li is the Chairman, an executive Director and a substantial Shareholder interested in 1,000,000,000 Shares, representing approximately 15.76% of the issued capital of the Company and thus a connected person of the Company.

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.

LETTER FROM THE BOARD

EQUITY FUND RAISING IN THE PAST TWELVE MONTHS

The following is the equity fund raising activity conducted by the Group in the past twelve (12) months immediately preceding the date of the Subscription Agreement:

Date of Announcement	Fund raising activity	Net proceeds and intended use	Actual use of net proceeds
7 July 2017	Issue of 1,000,000,000 Shares under general mandate	Approximately HK\$249.9 million which was intended to be used for acquisition and development of businesses related to natural resources or the products thereof or working capital of the Group	Approximately HK\$7 million was used for capital expenditure on the production facilities of Hunan Xintian Approximately HK\$12 million was used for operating expenses for the Company Approximately HK\$230 million was still kept for the intended use

The Directors have also considered other possible methods of fund raising. However, since the par value of each Share is HK\$0.25 and the closing price of the Share as quoted on the Stock Exchange on the date of the Subscription Agreement was HK\$0.083, it is unlikely for the Company to successfully secure potential investors to subscribe for new Shares at a substantial premium, whether by way of placing, rights issue or otherwise. For issue of convertible bonds or loan financing, the Company will have to incur interest expenses and may eventually be required to repay the principal. The Company may also be imposed of certain restrictive covenants under the instrument constituting the convertible bonds or loan agreements, which may restrict its business and daily operations. Further, given that various projects of the Group are now still in their early stage and the cashflow of the Company is limited, it may be difficult to secure loans from the banks.

LETTER FROM THE BOARD

APPLICATION FOR LISTING

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 Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the existing and enlarged shareholding structure of the Company (i) as at the Latest Practicable Date, and (ii) immediately after the Completion:

	As at the Latest Practicable Date		Immediately after completion of the Subscription	
	<i>No. of Shares</i>	<i>Approx. percentage</i>	<i>No. of Shares</i>	<i>Approx. percentage</i>
Yang Xiao Qiang	1,330,000,000	20.97%	1,330,000,000	17.47%
The Subscriber	1,000,000,000	15.76%	2,268,000,000	29.80%
Public				
Public Shareholders	<u>4,013,690,000</u>	<u>63.27%</u>	<u>4,013,690,000</u>	<u>52.73%</u>
Total	<u><u>6,343,690,000</u></u>	<u><u>100.00%</u></u>	<u><u>7,611,690,000</u></u>	<u><u>100.00%</u></u>

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company needs additional financial resources for the capital expenditure of the production facilities of Hunan Xintian. Further, the Directors consider that the Subscription also offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development.

The Subscription Price was determined with reference to the prevailing market price of the Shares, the nominal value of each Share and the minimum Subscription Price allowed under the Listing Rules and the applicable laws.

LETTER FROM THE BOARD

The Directors consider that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. The gross proceeds of the Subscription will be HK\$317,000,000. The net proceeds (after deducting all applicable costs and expenses reasonably incurred in relation to the entering of the Subscription Agreement and the related documents) of approximately HK\$316,500,000 from the Subscription are intended to be used as to approximately (i) HK\$56 million for capital expenditure on the production facilities of Hunan Xintian and (ii) HK\$260.5 million for the potential acquisition of business or companies and working capital of the Group. Out of the proceeds of HK\$260.5 million, HK\$213 million will be allocated for the potential acquisition of business or companies and HK\$47.5 million will be allocated as working capital of the Company. As at the Latest Practicable Date, the Company was actively exploring and looking for business which are in line with the Company's business strategy and long-term development objective. At this current stage, the Company is exploring the possibility of investing in a property project in Hong Kong (the "**Potential Property Project**"). The negotiation in respect of the Potential Property Project is at preliminary stage and there is no guarantee at this stage that the Company will proceed with the Potential Property Project. Meanwhile, the Company is actively looking for other targets for acquisition in Hong Kong or elsewhere. Although it does not have specific targets confirmed for acquisition, the Company proposed to raise fund through the Subscription because (i) it is actively exploring and looking for potential targets for acquisition and the Group will be well equipped with sufficient financial resources once the target for acquisition is confirmed; (ii) the Subscription delivers a positive message to the market that the Company's management and substantial shareholder are confident in its prospective development and growth; and (iii) the Company wishes to capture the opportunity of the Subscriber's willingness to further invest into the Company. The net price of each Subscription Share will be approximately HK\$0.249.

Mr. Li Yuguo, who has a material interest in the transaction, has abstained from voting on the Board resolutions approving the Subscription Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of the Subscription Agreement and the Latest Practicable Date, the Subscriber is the Chairman, an executive Director and a substantial Shareholder who holds 1,000,000,000 Shares, representing approximately 15.76% of the issued share capital of the Company. Since the Subscriber is a connected person of the Company under the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscription Shares will be allotted and issued under the specific mandate to be granted by the Independent Shareholders to allot, issue and deal with the Shares by an ordinary resolution to be proposed for approval by the Independent Shareholders at the SGM.

LETTER FROM THE BOARD

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise and give recommendation to the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder.

Platinum Securities Company Limited has been appointed as the independent financial adviser of the Company to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder.

SGM

The SGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the grant of specific mandate to allot and issue the Subscription Shares, the Subscription Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, the Subscriber, who holds 1,000,000,000 Shares as at the date of the Subscription Agreement and the Latest Practicable Date and has material interest in the transactions contemplated under the Subscription Agreement, and his associates, will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder and is required to abstain from voting at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjournment thereof) should you so wish.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription Agreement. The Independent Financial Adviser, being Platinum Securities Company Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this connection.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favour of the resolutions to be proposed at the SGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

Asia Resources Holdings Limited
亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

5 June 2018

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES**

We refer to the circular (the “**Circular**”) dated 5 June 2018 issued by the Company of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless specified otherwise.

We have been formed to advise the Independent Shareholders in relation to the terms of the Subscription Agreement and the transactions contemplated thereunder; and the grant of the Specific Mandate. Platinum Securities Company Limited has been appointed by the Company as the Independent Financial Adviser to advise us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 14 to 31 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that the terms of the Subscription Agreement and the transactions contemplated thereunder; and the Specific Mandate are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We are also of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder are better than normal commercial terms, and are not in the ordinary and usual course of business of the Company. Accordingly, we recommend that the Independent Shareholders should vote in favor of the resolution to be proposed at the SGM to approve (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate for the allotment and issuance of the Subscription Shares.

Yours faithfully

For and on behalf of the
Independent Board Committee

Mr. Zhang Xianlin

Mr. Kwok Hong Yee, Jesse
Independent non-executive Directors

Mr. Ng Ping Yiu

* For identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.



PLATINUM Securities Company Limited

21/F, LHT Tower
31 Queen's Road Central
Hong Kong

Telephone (852) 2841 7000

Facsimile (852) 2522 2700

Website www.platinum-asia.com

5 June 2018

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Specific Mandate (the “**Transaction**”). Details of the Transaction are contained in the circular of the Company dated 5 June 2018 (the “**Circular**”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the transactions contemplated under the Subscription Agreement and the proposed grant of the Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, as well as are in the interests of the Company and the Shareholders as a whole and to give independent advice to the Independent Board Committee and the Independent Shareholders.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things: (i) the Subscription Agreement; (ii) the announcement of the Company dated 17 April 2018 (the “**Announcement**”); (iii) the audited annual report of the Company for the year ended 31 March 2017 (the “**2017 Annual Report**”); and (iv) the unaudited interim report of the Company for the six months ended 30 September 2017 (the “**2017/18 Interim Report**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have assumed that all information, facts, opinions and representations contained in the Circular and all information, statements and representations provided to us by the Directors and/or the management of the Company, which we have relied on, are true, complete and accurate and not misleading in all material respects as of the date hereof and we and the Independent Shareholders will be notified by the Company of any material changes thereof as soon as practicable. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Directors and/or management of the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors and/or management of the Company which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Transaction.

During the past two years, Mr. Li Lan, for and on behalf of Platinum Securities Company Limited, signed an opinion letter from the independent financial adviser contained in the Company's circular dated 22 January 2018 in respect of the major and connected transaction – acquisition of properties. Notwithstanding the past engagement, as at the Latest Practicable Date, we were independent from, and were not associated with the Company or any other party to the Transaction, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the Transaction. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Transaction or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ng Ping Yiu, has been established to advise the Independent Shareholders as to whether the transactions contemplated under the Subscription Agreement and the proposed grant of the Specific Mandate are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the Transaction

The Board announced on 17 April 2018 that the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 1,268,000,000 new Shares at the Subscription Price of HK\$0.25 per Share. The Subscription Shares shall be allotted and issued by way of the Specific Mandate, the approval of which shall be sought at the SGM.

As at the Latest Practicable Date, the Subscriber is the Chairman, an executive Director and a substantial Shareholder who holds 1,000,000,000 Shares, representing approximately 15.76% of the issued share capital of the Company. Since the Subscriber is a connected person of the Company under the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

1.1 Information on the Company

The Company is an investment holding company. The Group is principally engaged in (i) iron mining business; (ii) water mining and production business; (iii) securities and other trading business; (iv) money lending business; and (v) property investment.

The following table summarises the audited financial information of the Group for the two years ended 31 March 2016 and 2017, and the unaudited financial information of the Group for the six months ended 30 September 2017, as extracted from the 2017 Annual Report and the 2017-2018 Interim Report respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (i) Financial highlights of Company's profit and loss and financial statements

	For the year ended 31 March 2016	For the year ended 31 March 2017	For the six months ended 30 September 2017
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(audited)	(audited)	(unaudited)
Revenue	4,454	6,651	1,838
Loss for the year/period	(92,764)	(93,804)	(59,786)
Cash and cash equivalents	505,485	464,026	426,205
Total assets	2,560,721	2,433,016	2,903,137
Net assets	2,039,868	1,875,066	2,248,356
Total debts	198,094	209,769	221,599

According to the Company's consolidated financial statements 2017 prepared in accordance with the Hong Kong Financial Reporting Standards, we noted that the Group's revenue from continuing operations amounted to approximately HK\$6.7 million for the year ended 31 March 2017 ("FY2017") which represented an increase of approximately 49.3% as compared with approximately HK\$4.5 million for the year ended 31 March 2016 ("FY2016"). The revenue for FY2017 is mainly derived by the money lending business. However, the Company recorded a loss of approximately HK\$93.8 million for FY2017 (Loss for FY2016: approximately HK\$92.8 million) and such loss was mainly due to the decrease in other revenue from other trading business and the increase in the loss sharing to the owners.

The cash and cash equivalents of the Group amounted to approximately HK\$426.2 million as at 30 September 2017 ("HY2017/2018"), representing a decrease of approximately 8.2% as compared with approximately HK\$464.0 million in FY2017. The total assets of the Group increased by approximately HK\$470.1 million to approximately HK\$2,903 million in HY2017/2018 as compared with approximately HK\$2,433.0 million in FY2017, while the net assets value of the Group recorded approximately HK\$2,248.4 million in HY2017/2018, representing an increase of approximately 19.9% as compared to FY2017 of approximately HK\$1,875.1 million. The Group's total debts increased slightly of approximately 5.6% to HK\$221.6 million in HY2017/2018 as compared with approximately HK\$209.8 million in FY2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Cash flow

	For the year ended 31 March	
	2016	2017
	(HK\$'000)	(HK\$'000)
Cash flows from operating activities	(91,100)	(94,121)
Net cash inflow / outflow	256,189	(38,938)

The Group has been experiencing continuously negative cash flows from operating activities of approximately HK\$91.1 million and HK\$94.1 million during the years ended 31 March 2016 and 2017 respectively. The Group had net cash outflow of approximately HK\$38.9 million for the year ended 31 March 2017, while recorded a net cash inflow of approximately HK\$256.2 million for the year ended 31 March 2016 which are mainly come from issue of convertible notes and placing of new shares during the period.

1.2 Information on the Subscriber

The Subscriber is Mr. Li Yuguo (“**Mr. Li**”), who is an individual businessman. Mr. Li is the executive Director, Chairman and a substantial Shareholder interested in 1,000,000,000 Shares, representing approximately 15.76% of the issued capital of the Company and thus a connected person of the Company.

2. Reasons for, and the benefits, of entering into the Subscription Agreement

We understand from the management of the Company that the Company had successfully completed two strategic acquisitions regarding the bottled water production and sales business in Guangxi and the water mining business in Hunan in May 2017. In regard to the latter business acquired by the Company, it is a company which principally engaged in water mining and exploitation of spring water and possessed with a water mining license. In order to facilitate the development of water mining business, the Company needs additional financial resources for the capital expenditure of the production facilities of Hunan Xintian. We believe that it allows the Group to expand its business into water mining, production and sales of bottle water business and amplify the Group’s business portfolio, thus to provide a stable income stream to the business of the Group in the long term.

In addition, we have discussed with the management of the Company and note that the Group has been focusing its effort on property development and property investment business in recent years as to improve the situation in regard to the limited revenue streams of the Company and the Company, as at the Latest Practicable Date, is actively exploring and looking for business areas which are in line with the Company’s business strategy and long-term development objective. At this current stage, we note that the Company is exploring the possibility of investing in a property project in Hong Kong (the “**Potential Property Project**”). As such, we have enquired the details of the Potential Property Project from the management of the Company and understand that the negotiation in respect of the Potential Property Project is at preliminary stage. Besides, the Company is also actively looking for other targets in Hong Kong and PRC but so far none of the specific targets have been determined.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2017/18 Interim Report, we note that the Company had issued convertible bonds outstanding due on 20 August 2018 with a principal amount of HK\$432 million at an initial conversion price of HK\$0.72 on 20 August 2015 (the “2015 CB”). As at 30 September 2017, the principal amount of the 2015 CB was approximately HK\$244.8 million which represents approximately 57.4% of the total cash on balance of the Company as at 30 September 2017, and the Company will redeem the 2015 CB if the bonds have not been converted on maturity date. Given that the initial conversion price of HK\$0.72 represents a substantial premium over HK\$0.10 as at the Latest Practicable Date, we believe that there has a great chance that the Company has to redeem the outstanding principal amount of the 2015 CB on due date. As such, we consider that the fund to be raised under the Subscription is in need for the Company as to keep relatively strong cash position for the recent potential projects in the pipeline. Therefore, we concur with the management of the Company that the Subscription (i) will provide sufficient financial resources for the Potential Property Project, as well as the Group will be well equipped for other potential targets for acquisition once the targets are determined and (ii) will deliver a positive message to the market that the Company’s management and substantial shareholder are confident in its prospective development and growth of the Company in the long term. As advised by the management of the Company, the net proceeds from the Subscription would be allocated as follows:

- (i) approximately 17.70% of HK\$56 million would be used in capital expenditure on the production facilities of Hunan Xintian;
- (ii) approximately 67.30% of HK\$213 million will be allocated for the potential acquisition of business or companies;
- (iii) approximately 15.00% of HK\$47.5 million will be allocated as working capital of the Company.

The Directors consider that the Subscription also offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our discussion with the management of the Company that the Company has also considered a number of alternative fund raising methods including but not limited to, equity financing such as placing new shares to other potential investors and rights issue and debt financing. We note that the Company has attempted various placing agents as to assess the feasibility to place new shares to other potential investors and conduct rights issue for fund raising, whereas taking into account of (i) the loss-making financial position and various under-construction business developments of the Company are yet to be profitable; (ii) low trading volume of the Shares and (iii) placing and rights issue usually involve the issue of new shares at a discount to the market price, considering the par value of each Share is HK\$0.25 and it is unlikely to secure potential investors to subscribe for new Shares at a substantial premium, therefore the new Shares of the Company are currently unappealing to the potential investor and the existing shareholders. In addition, we consider that rights issue will also involve extra administrative work and higher cost for the trading arrangements, as well as time consuming as compared to the Subscription. Regarding debt financing, the Directors considered that the favorable terms in relation to debt financing on a timely basis may not be achievable under the loss-making position of the Company. Further, given that various projects of the Group are now still in their early stage and the cash flow of the Company is limited, it might be difficult to secure loans from the banks. We concur with the views of the Directors that the debt financing will result in additional interest burden, higher gearing ratio of the Company and the Company will also be subject to repayment obligations.

After taking into consideration that (i) the Subscription will provide upfront capital injection for the development of the water mining business, (ii) the Subscription will broaden capital base and improve the financial position of the Group and is an appropriate means to raise funds for the Company and (iii) less favorable alternatives for other fund raisings as compared to the Subscription, we are of the view that the entering into of the Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Principal terms of the Subscription Agreement

On 17 April 2018, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price on the Subscription Completion Date.

The principal terms of the Subscription Agreement are set out as follows:

Date

17 April 2018 (after trading hours)

Parties

- (i) the Company (as the issuer); and
- (ii) the Subscriber

Subscription Price

The Subscription Price is HK\$0.25 per Share, which shall be paid upon Completion.

Number of Subscription Shares

1,268,000,000 Subscription Shares represent approximately 19.99% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 16.66% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$317,000,000.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the issued Shares as at the date of allotment of the Subscription Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (a) approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares;
- (b) the passing by the Independent Shareholders who are entitled to vote and not required to abstain from voting under the Listing Rules at the SGM to be held and convened for the purpose of approving, inter alia, the issue of the Subscription Shares;
- (c) all necessary corporate approvals and consents and third party consents, including the approval of the Bermuda Monetary Authority to the issue of the Subscription Shares (if necessary) for the transactions contemplated under the Subscription Agreement being obtained on or before Completion;
- (d) the Subscriber being satisfied that the warranties set out in the Subscription Agreement are true and accurate in all respects as at the date of the Subscription Agreement and at the Subscription Completion Date;
- (e) the allotment and issue of the Subscription Shares do not trigger the obligations to make a mandatory general offer under the Code on Takeovers and Mergers; and
- (f) there is no indication from the Stock Exchange that the listing status of the securities of the Company will be revoked by the Stock Exchange as a result of the implementation of the transactions contemplated under the Subscription Agreement.

As at the Latest Practicable Date, parts of the condition (d) under the Subscription Agreement have been fulfilled.

The Subscription Agreement does not provide for either party to waive any of the above conditions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The warranties set out in condition (d) include, inter alia, the following:

- (a) the Subscription Shares shall be allotted and issued in accordance with the bye-laws of the Company and in compliance with all relevant laws of Hong Kong and Bermuda and shall have all the rights of the Shares as defined and set forth in the bye-laws of the Company and shall otherwise rank pari passu in all respects inter se and with all other Shares in the issued share capital of the Company as at the date of issue;
- (b) the Subscription Shares shall be allotted and issued fully paid up, free from any liens, claims, equities, pre-emptive rights, charges encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at the date of Completion;
- (c) the Subscription Shares represent approximately 19.99 % of the existing issued share capital of the Company as at the date of the Subscription Agreement;
- (d) there shall be sufficient number of unissued Shares in the capital of the Company for the allotment and issue of the Subscription Shares prior to Completion;
- (e) subject to the approval of the Shareholders and the Stock Exchange, the Company is fully capable of entering into this Agreement and performing all obligations and duties hereunder without the consent, approval, permission, licence or concurrence of any third party;
- (f) the Company has power under its memorandum of association and bye-laws to issue the Subscription Shares without any further sanction or consent by members of the Company; and
- (g) the whole of the issued share capital of the Company will continue to be listed and dealt in on the Stock Exchange up to and including the Completion Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Completion

Completion shall take place within 3 Business Days following the satisfaction of all the conditions precedent referred to in the Subscription Agreement (which shall be no later than 31 July 2018 or such later date as may be agreed by all the parties hereto in writing) at the principal place of business of the Company, or other such place as may be agreed between the parties in Hong Kong.

4. The Subscription Price

The Subscription Price is HK\$0.25 per Share represents:

- (i) a premium of approximately 201.20% to the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on 17 April 2018, being the date of the Subscription Agreement;
- (ii) a premium of approximately 175.90% to the average closing price of approximately HK\$0.0906 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to the date of the Subscription Agreement;
- (iii) a premium of approximately 171.74% to the average closing price of approximately HK\$0.0902 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to the date of the Subscription Agreement;
- (iv) a premium of approximately 150% over the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) A discount of approximately 28.6% to the Company's net assets value of HK\$0.35 per Share as at 30 September 2017.

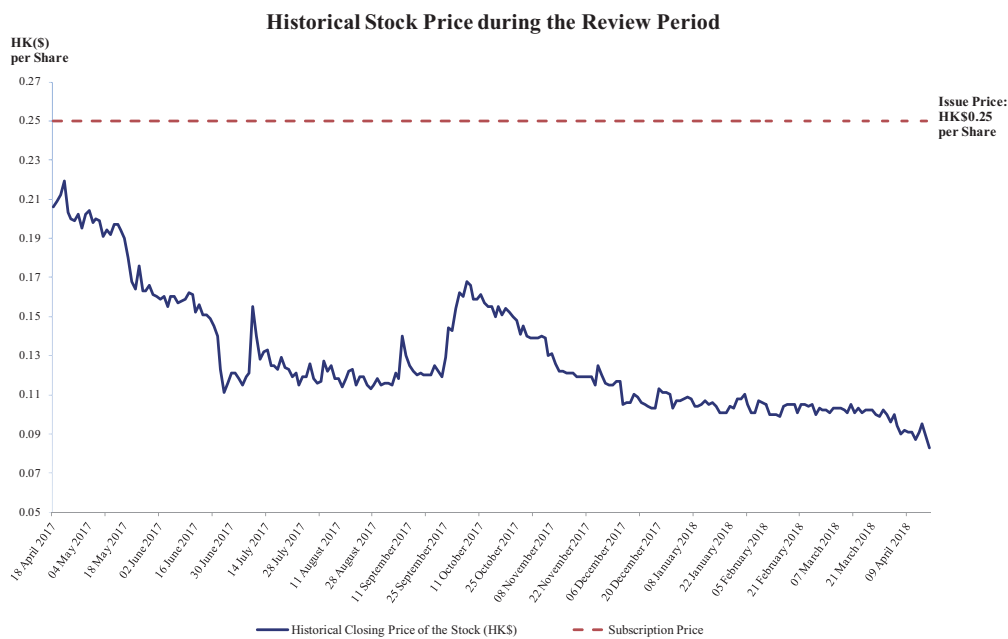
We understand from the Company that the Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber based on the par value of HK\$0.25 per Share of the Company. Taking into consideration that (i) the Subscription Price has a substantial premium over the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date, (ii) the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date represents a substantial discount of approximately 71.4% to the Company's net assets value of HK\$0.35 per Share as at 30 September 2017, and (iii) the Company currently has less favorable alternatives for fund raisings as compare to the Subscription as discussed under the section "2. Reasons for, and the benefits, of entering into the Subscription Agreement" in this letter, we are of the view that the Subscription Price which represents a discount of approximately 28.6% to the Company's net assets value of HK\$0.35 per Share as at 30 September 2017 is reasonable and acceptable as far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To further assess the fairness and reasonableness of the Subscription Price, we set out the following analyses for illustrative purpose:

Review of share prices

In order to assess the fairness and the reasonableness of the diagram shown below demonstrating the daily closing price of the Shares as quoted on the Hong Kong Stock Exchange during the period commencing from 19 April 2017, being approximately 12 months up to and including the date of Subscription Agreement (the “**Review Period**”), a one year review period on the Share price is a commonly used tenure for analysis and demonstration purposes that is fair and reasonable for shareholders’ reference in regard to the Subscription Price:



Source: The Hong Kong Stock Exchange’s web-site (www.hkex.com.hk)

During the Review Period, the Share price was on a general downward trend since 18 April 2017. The highest and the lowest closing price of the Shares during the Review Period were HK\$0.22 and HK\$0.083 respectively as quoted on the Hong Kong Stock Exchange. The average closing price of the Shares during the Review Period was approximately HK\$0.129. We noted that the Subscription Price represents (i) a premium of approximately 13.64% to the highest closing price of the Share; (ii) a premium of approximately 93.80% to the average closing price of the Share; and (iii) a premium of approximately 201.20% over the lowest closing price of the Share. As such, we consider that the Subscription Price is favorable to the Company and fair and reasonable so far as the Independent Shareholders are concerned.

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Comparable Transactions analysis

As part of our analysis, we have also identified companies listed on the main board of the Stock Exchange which have announced transaction involving the issuing or subscription of new shares under specific mandate by (a) connected person(s) and having been approved by shareholders in accordance with requirements under the Listing Rules as at the Latest Practicable Date during the period from 17 April 2017 up to the 17 April 2018, being the recent period of approximately twelve (12) months around the date of Subscription Agreement was entered into (the “**Comparable Transactions**”).

The Comparable Transactions have been selected exhaustively based on the above criteria, and have been identified, to the best of our endeavours, in our research through public information. We consider that a review period of approximately twelve (12) months up to the date of Subscription Agreement is appropriate to capture the recent market practice because the Comparable Transactions are considered for the purpose of taking a general reference for the recent market practice in relation to the Subscription Price under other subscription as compared to the relevant prevailing market share prices under the recent market conditions and sentiments.

It should be noted that all the subject companies involved in the Comparable Transactions may have different principal activities, market capitalisations, profitability, financial positions and use of proceeds as compared with those of the Company. Circumstances leading to the subject companies to proceed with the issue or subscription of new shares may also be different from that of the Company. We consider the Comparable Transactions might not constitute close reference with the Subscription. Nevertheless, as the Comparable Transactions fulfill the above criteria and can provide a general reference of this type of transaction in Hong Kong equity market and recent market practice to the Independent Shareholders, hence we consider that the Comparable Transactions selected are fair and reasonable, as well as to be an appropriate basis to assess the fairness of the Subscription Price.

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Comparable Transactions analysis on Subscription Price

Date of Announcement	Company Name	Ticker	Subscription Price	Premium/(discount) of the subscription price over/(to)		
				Last trading day prior to/on the date of the relevant announcement/ agreement	Last 5 consecutive trading day prior to/on the date of the relevant announcement/ agreement	Last 10 consecutive trading day prior to/on the date of the relevant announcement/ agreement
25-Jan-18	Beijing Enterprises Water Group Limited	371.HK	HK\$5.9	-1.50%	-2.20%	-2.00%
10-Jan-18	New Sports Group Limited	299.HK	HK\$0.50	-21.88%	-27.11%	-31.79%
03-Jan-18	Huiyin Smart Community Co., Ltd.	1280.HK	HK\$0.5	-29.58%	-28.77%	-28.16%
29-Dec-17	Chinese People Holdings Company Limited	681.HK	HK\$0.104	0.00%	0.00%	0.00%
17-Nov-17	Alibaba Health Information Technology Limited	241.HK	HK\$4.00	-4.31%	-6.80%	-5.12%
30-Nov-17	AKM Industrial Company Limited	1639.HK	HK\$1.5	-7.98%	-7.29%	-7.86%
12-Oct-17	Pak Tak International Limited	2668.HK	HK\$0.224	-21.40%	-20.85%	-21.13%
13-Sep-17	Ourgame International Holdings Limited	6899.HK	HK\$1.85	0.00%	-0.43%	-0.59%
13-Sep-17	Truly International Holdings Limited	732.HK	HK\$2.02	-12.90%	-13.50%	-14.60%
01-Sep-17	Kwan On Holdings Limited	1559.HK	HK\$1.30	-4.40%	-3.70%	-8.50%
30-Aug-17	C&D International Investment Group Limited	1908.HK	HK\$4.51	-13.10%	-11.80%	-10.50%
25-Jul-17	Beijing Sports and Entertainment Industry Group Limited	1803.HK	HK\$1.88	-21.00%	-20.33%	-18.60%
17-May-17	China Financial Services Holdings Limited	605.HK	HK\$0.68	-5.60%	-6.80%	-7.00%
			Maximum	0.00%	0.00%	0.00%
			Minimum	-29.58%	-28.77%	-31.79%
			Average	-11.05%	-11.51%	-11.99%
			Subscription Price	201.20%	175.90%	171.74%

Source: Stock Exchange Website and respective announcements by the relevant listed companies

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As shown in the table above, the subscription prices of the Comparable Transactions ranged from: (i) a discount of approximately 29.58% to an equivalent price of 0% to/over the respective closing prices of their shares on the last trading days prior to/on the date of the announcement/agreement in relation to the relevant share subscription (the “**Comparable Transactions Range I**”), with an average of a discount of approximately 11.05% (the “**Comparable Transactions Average I**”); (ii) a discount of approximately 28.77% to an equivalent price of 0% to/over the average closing prices of their shares on the last five consecutive trading days prior to/on the date of the announcement/agreement in relation to the relevant share subscription (the “**Comparable Transactions Range II**”), with an average of a discount of approximately 11.51% (the “**Comparable Transactions Average II**”); and (iii) a discount of approximately 31.97% to an equivalent price of 0% to/over the average closing prices of their shares on the last ten consecutive trading days prior to/on the date of the announcement/agreement in relation to the relevant share subscription (the “**Comparable Transactions Range III**”), with an average of a discount of approximately 11.99% (the “**Comparable Transactions Average III**”).

The Subscription Price represents a premium of 201.20% to the closing price of the Shares on 17 April 2018, being the date of the Subscription Agreement (the “**Subscription Price Premium I**”), a premium of 175.90% to the average closing price of the Shares on last five consecutive trading days immediately prior to the date of the Subscription Agreement (the “**Subscription Price Premium II**”) and a premium of 171.74% to the average closing price of the Shares on last 10 consecutive trading days immediately prior to the date of the Subscription Agreement (the “**Subscription Price Premium III**”).

We note that all of the Subscription Price Premium I, Subscription Price Premium II and Subscription Price Premium III are much higher than the Comparable Transactions Average I, the Comparable Transactions Average II and the Comparable Transactions Average III, respectively, as well as beyond the highest closing prices of the Comparable Transactions Range I, Comparable Transactions Range II and Comparable Transactions Range III, respectively. Given the premium associated with the Subscription Price are more favourable than the current market practice, we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Financial effects of the Subscription

5.1 *Effect on net assets value ("NAV")*

As disclosed in the 2017/2018 Interim Report, the net assets value of the Company was approximately HK\$2,248.4 million as at 30 September 2017. Upon the completion of the Subscription, it is expected to generate net proceeds of approximately HK\$316.5 million and accordingly increasing the issued capital and reserve of the Company. Nevertheless, the NAV per share would, however decrease slightly to HK\$0.337 per Share upon the Completion after taking into account the resultant increase in NAV and total number of Shares in issue.

The table below sets out, for illustration purpose, the financial effect on the NAV and NAV per Share as a result of the Subscription:

	As at 30 September 2017	Immediately upon the completion of the Subscription
NAV of the Company (HK\$)	2,248,356,000	2,565,356,000
Number of Shares in issue	6,343,690,000	7,611,690,000
NAV per Share (HK\$)	0.354	0.337

As illustrated above, the NAV per Share of the Company has slightly diminished of approximately 4.80% to HK\$0.337 immediately upon the completion of the Subscription as compared to the NAV per Share of approximately HK\$0.354 as at 30 September 2017 of the Company.

5.2 *Effect on cash and working capital*

As disclosed in the 2017/2018 Interim Report, the unaudited bank balances and cash of the Group amounted to approximately HK\$426.2 million. Upon completion of the Subscription, the cash position and the current asset of the Group will be improved as the bank balances and cash will increase by the net proceeds of approximately HK\$316.5 million. As such, the Subscription is expected to have a positive impact on the cash flow of the Group. Meanwhile, assuming the total borrowings of the Group remain unchanged and the total equity would be enlarged by the allotment and issuance of the Subscription Shares, the gearing ratio of the Group is expected to be improved upon completion of the Subscription accordingly.

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Base on the above, the Subscription will overall have a positive impact on the net asset value and working capital of the Company, which we think that it is in the interest of the Company and Shareholders as a whole.

6. Dilution effects on Shareholding Structure of the Company

Set out below is the existing and enlarged shareholding structure of the Company (i) as at the Latest Practicable Date, and (ii) immediately after completion of the Subscription:

	As at the Latest Practicable Date		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate % of total issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of total issued Shares</i>
Yang Xiao Qiang	1,330,000,000	20.97%	1,330,000,000	17.47%
The Subscriber	1,000,000,000	15.76%	2,268,000,000	29.80%
Public				
Public Shareholders	<u>4,013,690,000</u>	<u>63.27%</u>	<u>4,013,690,000</u>	<u>52.73%</u>
Total	<u><u>6,343,690,000</u></u>	<u><u>100%</u></u>	<u><u>7,611,690,000</u></u>	<u><u>100%</u></u>

As illustrated in the table above, the interest of the existing public shareholders will be diluted from approximately 63.27% to approximately 52.73% immediately after the completion of the Subscription. Nevertheless, taking into account (i) the reasons for and the benefits of entering the Subscription Agreement as described under the paragraphs headed “2. the reasons for, and the benefits, of entering the Subscription Agreement” above; (ii) the terms of the Subscription Agreement being fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the overall positive impact on the Group’s net asset value and working capital from the Subscription, we are of the view that the aforementioned level of dilution to the shareholding interests of the Independent Shareholders is justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that the terms of the Subscription Agreement and the proposed grant of the Specific Mandate, despite not in the ordinary and usual course of business of the Company, are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transaction.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited
Li Lan
Director and Co-head of Corporate Finance

Mr. Li Lan is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Platinum Securities Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over eleven years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

(a) Directors' and chief executives' interests and short positions in shares and underlying shares of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules were as follows:

Name of Directors	Long/ Short position	Capacity	No. of Shares held	Number of underlying share held pursuant to share options	Total	Approximate percentage of the issued share capital in the Company
Li Yuguo	Long position	Beneficial owner	1,000,000,000	-	1,000,000,000	15.76%
Huang Yilin	Long position	Beneficial owner	70,000	80,000,000	80,070,000	1.26%
Chan Shi Yin, Keith	Long position	Beneficial owner	1,200,000	80,000,000	81,200,000	1.28%
Zhang Xianlin	Long position	Beneficial owner	-	6,840,000	6,840,000	0.11%
Kwok Hong Yee, Jesse	Long position	Beneficial owner	-	6,700,000	6,700,000	0.11%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests and short positions in shares and underlying shares of the Company and its associated corporations

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have interests or short positions in the Shares and underlying Shares or debentures of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Capacity	No. of Shares held	Approximate percentage of the issued share capital of the Company
楊小強 (Yang Xiaojiang)	Beneficial owner	1,330,000,000	20.97%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10% or more of the nominal value of any class of Share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries or held any option in respect of such capital.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS/CONTRACT AND OTHER INTERESTS

- (a) Continental Joy Limited (a wholly-owned subsidiary of the Company) had acquired 20% equity interests in a company which owns Hong Kong Spring Water Ding Dong Group Company Limited from Jiu Tai International Resources Company Limited (as disclosed in Company's announcement dated 19 April 2017) at a consideration of HK\$273,000,000. Jiu Tai International Resources Company Limited is wholly owned by Mr. Li Yuguo, and thus, in turn, Mr. Li Yuguo indirectly owns 80% of the interest of Hong Kong Spring Water Ding Dong Group Company Limited.
- (b) Save as disclosed above and in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group since 31 March 2017, being the date to which the latest published audited accounts of the Company were made up.
- (c) As at the Latest Practicable Date, save as disclosed above and in this circular, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Company.

5. COMPETING INTEREST

As at the Latest Practicable Date, save as disclosed below, none of the Directors or any of their respective close associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Name of Director/associate	Name of company	Nature of interest in the company	Business of the company
Mr. Li Yuguo	遼寧京豐置業有限公司	Ultimate beneficial owner with 100% interest	Principally engaged in property development, property leasing and sales

6. INVESTIGATION

On 16 April 2018, the Company's head office in Hong Kong was attended by officers of the Independent Commission Against Corruption ("ICAC") of Hong Kong to execute a search warrant. So far as the Company is aware, no director or employee of any member of the Company and its subsidiaries (the "Group") was arrested on the same occasion or in relation to the same subject matter.

The search does not have any material adverse impact on the daily operations of the Group which have continued in the ordinary course, and the Board is not aware of any matter arising out of the search that indicate or suggest that the Group or its operations will be materially impacted and therefore does not expect that the search will have any material adverse impact on the financial position of the Group. Please refer to the Company's announcement dated 16 April 2018 for further details.

Save and except for disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, neither the Company nor any of its subsidiaries was subject to any investigation of material importance.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Company or any of its subsidiaries within two years immediately preceding the date of this circular and are or may be material:

- (a) The supplemental agreement dated 15 June 2016 to the acquisition agreement dated 15 April 2015 entered into between 深圳弘永潤實業發展有限公司 (transliterated as Shenzhen Hong Yong Run Industrial Company Limited*) as the purchaser and 廣州市中展投資發展有限公司 (transliterated as Guangzhou Shi Zhong Zhan Investment Development Company Limited*) as vendor in relation to the acquisition of the property, with a total gross floor area of 8,562.52 sq.m., which comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in a commercial and residential development project known as 金馬水岸廣場 for an initial consideration of

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approximately RMB130,150,000 (subject to adjustments). The commercial and residential development project located at Donghu Lakeside, Zengjiang Street, Zengcheng City, Guangdong Province, the PRC (the “**Jinma Waterfront Square**”), pursuant to which delivery of the physical possession of the property shall take place on or before 31 December 2016. Given that the vendor failed to deliver the physical possession of the properties as mentioned in 8(a) and 8(b) within the timeframe specified in the acquisition agreements, the Group served a termination notice to the vendor on 18 January 2017 and demand the refund of the consideration in the amount of RMB274,000,000 pursuant to the terms and conditions of the acquisition agreements and the payment of an additional sum representing not less than 3% thereof as compensation (details of which were disclosed in the announcement dated 18 January 2017). As at the Latest Practicable Date, the Group had totally received RMB183,000,000 for the refund of the paid consideration and the payment of the compensation. The Group anticipates that the remaining balance of the refund will be received by 31 December 2018, failing which the Group may consider taking legal action against the vendor. Please refer to the Company’s announcements dated 15 June 2016 and 18 January 2017 for details;

- (b) The supplemental agreement dated 15 June 2016 to the acquisition agreement dated 5 June 2015 entered into between 深圳弘永潤實業發展有限公司 (transliterated as Shenzhen Hong Yong Run Industrial Company Limited*) as the purchaser and 廣州市中展投資發展有限公司 (transliterated as Guangzhou Shi Zhong Zhan Investment Development Company Limited*) as the vendor in relation to the acquisition of the property, with a total gross floor area of approximately 4,200 sq.m., which comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in the Jinma Waterfront Square for an initial consideration of RMB75,598,740 (subject to adjustments), pursuant to which delivery of the physical possession of the property shall take place on or before 31 December 2016. The status and development of the relevant transaction is disclosed above at 8(a). Please refer to the Company’s announcements dated 15 June 2016 and 18 January 2017 for details;

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- (c) The sale and purchase agreement dated 29 June 2016 entered into between Ms. 胡惠芳 (transliterated as Hu Huifang*) and Ms. 石秀蘭 (transliterated as Shi Xiulan*) as the vendors and World Metro Investment Limited as the purchaser, pursuant to which the purchaser has agreed to purchase and the vendors have agreed to sell 100% equity interest in 陝西天地眾力能源發展有限公司 (transliterated as Shaanxi Tiandi Zhongli Energy Development Company Limited*) for the consideration of RMB31,200,000. The Group had served a termination notice to the vendors for, among other things, termination of the sale and purchase agreement on 26 June 2017. No consideration was paid by the Company in this regard and there is no further update. Please refer to the Company's announcements dated 29 June 2016 and 29 May 2017 for details;
- (d) The supplemental agreement dated 12 July 2016 to the acquisition agreement dated 24 June 2014 (the "**2014 Acquisition Agreement**") entered into between Shengyi Information Consulting (Shenzhen) Co., Ltd.* (晟奕信息諮詢(深圳)有限公司) ("**Shengyi Information**") as the purchaser and ISH Yanbao Logistics (Shenzhen) Co. Ltd. (綜合信興鹽保物流(深圳)有限公司) ("**ISH Yanbao**") as the vendor in relation to the acquisition of 46 units of a comprehensive storage, research and development and commercial development, comprising four 9-storey (excluding a single-storey basement) composite buildings and one single-storey office and storage reinforced concrete building with a gross floor area of approximately 69,000 square metres and situated at depot No. 2, 3rd Road and Shenyang Road Intersect, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC the Jinma Creative Industry Park for an initial consideration of RMB100,042,870, pursuant to which the vendor shall register the title of the property under the name of the purchaser on or before 31 March 2017; and the vendor agreed to waive the management fee for the property for five (5) months. As at the Latest Practicable Date, the Group had obtained physical possession of the property and totally paid a conditionally refundable deposit of RMB90,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB10,042,870 shall be paid within 30 days from the date on which the relevant building ownership certificates have been issued in favour of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 31 March 2018 (or such other date as may be mutually agreed). Please refer to the Company's announcements dated 12 July 2016 and 17 May 2017 for details;

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- (e) The supplemental agreement dated 12 July 2016 to the acquisition agreement dated 15 May 2015 (the “**May 2015 Acquisition Agreement**”) entered into between Shengyi Information as the purchaser and ISH Yanbao as the vendor in relation to the acquisition of the property, with a gross floor area of approximately 5,400 sq.m., comprising of 30 units of the Jinma Creative Industry Park for an initial consideration of RMB65,107,800 (subject to adjustments), pursuant to which the vendor shall register the title of the property under the name of the purchaser on or before 31 March 2017; and the vendor agreed to waive the management fee for the property for five (5) months. As at the Latest Practicable Date, the Group had obtained physical possession of the property and totally paid a conditionally refundable deposit of RMB60,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB5,107,800 shall be paid within 30 days from the date on which the property has been registered under the name of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 31 March 2018 (or such other date as may be mutually agreed). Please refer to the Company’s announcements dated 12 July 2016 and 17 May 2017 for details;
- (f) The acquisition agreement dated 28 February 2017 entered into between Shenzhen Weisidun Investment Development Company Limited* (深圳威斯頓投資發展有限公司) as the purchaser and Beijing Zhongtou Chuangzhan Land Company Limited* (北京中投創展置業有限公司) as the vendor, pursuant to which the vendor agreed to sell the office premises with a gross floor area of 8,335 sq.m. and underground car park with a gross floor area of 3,100 sq.m. located in the Phase III of the Beijing Convention and Exhibition International Port (Exhibition Centre Ancillary Facilities) Project* (北京會展國際港展館配套設施項目第三期) for an initial consideration of RMB220,000,000 (subject to adjustments). As at the Latest Practicable Date, the Group paid a total of RMB200,000,000 as consideration in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the pre-sale agreement between the vendor and the purchaser in relation to the sale and purchase of the property having been entered into and the building owner certificate having been obtained by the purchaser. Currently, the relevant properties are under construction. The expected construction completion date is on or around 31 December 2018. Please refer to the Company’s announcement dated 28 February 2017 for details;

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- (g) The acquisition agreement dated 19 April 2017 entered into between Continental Joy Limited as purchaser and Jiu Tai International Resources Company Limited as vendor, pursuant to which the purchaser agreed to acquire and the vendor agreed to sell 20% of the equity interest of Hong Kong Spring Water Ding Dong Group Company Limited (“**Spring Water**”) for an aggregate consideration of HK\$273,000,000. The relevant conditions precedent of the agreement have been fulfilled and completion of the agreement took place on 25 April 2017. Spring Water and its wholly-owned subsidiary principally engage in production and sales of bottled water, and are currently in operation. Please refer to the Company’s announcement dated 19 April 2017 and 25 April 2017 and Appendix I of the circular dated 22 January 2018 for details;
- (h) The disposal agreement dated 27 April 2017 entered into between Hongyuan Information Consultancy (Shenzhen) Company Limited* (鴻源信息諮詢(深圳)有限公司) (“**Hongyuan**”), an indirect wholly-owned subsidiary of the Company, and Shenzhen Shi Anye Chuangzhan Investment Development Company Limited* (深圳市安業創展投資發展有限公司) (“**Shenzhen Shi Anye**”) in relation to the disposal of 60% equity interest in 深圳鵬鴻昇實業發展有限公司 (“**Penghongsheng**”) and the sale loan in the amount of RMB234,390,000 (equivalent to approximately HK\$264,860,700) for the consideration of RMB240,000,000 (equivalent to approximately HK\$271,200,000). The Group received the consideration on 6 July 2017 and completion has taken place. Please refer to the Company’s announcement dated 27 April 2017 for details;
- (i) The supplemental agreement dated 17 May 2017 to the 2014 Acquisition Agreement, the May 2015 Acquisition Agreement and the acquisition agreement dated 10 November 2015 (the “**November 2015 Acquisition Agreement**”) entered into between Shengyi Information as the purchaser and ISH Yanbao as the vendor in relation to the delay of registration of certain properties. The status and development of the relevant transactions are disclosed above at 8(d) and 8(e). Please refer to the Company’s announcement dated 17 May 2017 for details;
- (j) The acquisition agreement dated 23 May 2017 entered into between Continental Joy Limited as purchaser and Mr. Lam Chun Ho (林鎮豪) as vendor, pursuant to which the purchaser agreed to acquire and the vendor agreed to sell 67% of the issued share capital of Good Union (China) Limited for an aggregate consideration of HK\$244,000,000. The relevant conditions precedent of the agreement have been fulfilled and completion of the agreement took place on 7 June 2017. As at the Latest Practicable Date, the Group is in the course of constructing the factory. The expected construction completion date is on or around 31 December 2018. Please refer to the Company’s announcements dated 23 May 2017 and 7 June 2017 and Appendix I of the circular dated 22 January 2018 for details;

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- (k) The disposal agreement (“**Disposal Agreement**”) dated 6 June 2017 entered into between Hongyuan and Shenzhen Shi Anye in relation to the disposal of 40% equity interest in Penghongsheng and the sale loan in the amount of RMB156,260,000 (equivalent to approximately HK\$176,573,800) for a consideration of RMB160,000,000 (equivalent to approximately HK\$188,000,000). The Group received the consideration on 23 October 2017. Please refer to the Company’s announcements dated 6 June 2017 and 28 August 2017 for details;
- (l) The conditional subscription agreement dated 7 July 2017 entered into between the Company as issuer and Mr. Li Yuguo as subscriber, pursuant to which the Company conditionally agreed to issue and Mr. Li Yuguo conditionally agreed to subscribe for 1,000,000,000 Shares at the price of HK\$0.25 per subscription Share. As at the Latest Practicable Date, the subscription was completed and there is no further update in this regard. Please refer to the Company’s announcements dated 7 July 2017 and 8 August 2017 for details;
- (m) The supplemental agreement to the Disposal Agreement dated 28 August 2017 entered into between Hongyuan and Shenzhen Shi Anye in relation to the extension of long stop dates of the Disposal Agreement. The Group received the consideration on 23 October 2017. Please refer to the Company’s announcement dated 28 August 2017 for details;
- (n) The sale and purchase agreement dated 12 October 2017 entered into between 遼寧京豐置業有限公司 as the vendor and Asiaciti Investment Limited as the purchaser in relation to the sale and purchase of the properties comprising 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 Permit No. 16122 (the “**Properties**”), pursuant to which the vendor shall deliver the Properties to the purchaser on or before 31 December 2019. The vendor is a company incorporated in the PRC with limited liability and beneficially owned by Mr. Li Yuguo, a substantial shareholder and the chairman and executive Director of the Company, and the purchaser is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Group had paid RMB350,750,000 to the vendor, representing approximately 56.12% of the total consideration amount of RMB625,000,000, and the construction of the Properties was 80% completed. Please refer to the Company’s announcement dated 12 October 2017 for details;

- (o) The Subscription Agreement; and
- (p) The supplemental agreement dated 3 May 2018 to the 2014 Acquisition Agreement, the May 2015 Acquisition Agreement and the November 2015 Acquisition Agreement (as supplemented by the supplemental agreement dated 17 May 2017) entered into between Shenyi Information as the purchaser and ISH Yanbao as the vendor in relation to the delay of registration of certain properties. The developments of the relevant transactions are disclosed above at 8(d), 8(e) and 8(j). Pursuant to the supplemental agreement, the vendor shall register the titles of certain properties under the name of purchaser by the end of 2018 (or such other date as may be agreed by the purchaser and vendor). The major reason for the continuous delay in registering the titles of certain properties is due to the delay by the relevant government authority in processing the registration application. Both purchaser and vendor have already used their best endeavours to urge the governmental authority to complete the registration as soon as possible. Nevertheless, the Company has evaluated seriously about their legal position and commercial interest and may consider other possibilities in handling the matters, including but not limited to terminating the deals, in the event that the registration is still not completed before the end of 2018. Please refer to the Company's announcements dated 3 May 2018 and 10 May 2018 for details.

9. EXPERT AND CONSENT

The following is the expert, and its qualification, who has given opinion contained in this circular:

Name	Qualification
Platinum Securities Company Limited	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

Platinum Securities Company Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, reports and/or opinion, as the case may be, and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Platinum Securities Company Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As the Latest Practicable Date, Platinum Securities Company Limited did not have, directly or indirectly, any interest in any assets which had since 31 March 2017 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Platinum Securities Company Limited issued a letter dated 5 June 2018 for the purpose of incorporation in this circular in connection with its recommendation to the Independent Board Committee and the Independent Shareholders.

10. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017 (the date to which the latest published audited accounts of the Group were made up).

11. MISCELLANEOUS

- a. The company secretary of the Company is Mr. Szeto King Pui, Albert, a practising solicitor in Hong Kong.
- b. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- c. The head office and principal place of business of the Company is located at Unit 4312, 43/F, COSCO Tower, 183 Queen's Road Central, Hong Kong.
- d. The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- e. The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (i.e. from 9:30 a.m. to 5:00 p.m. on Monday to Friday except public holidays) at the principal place of business in Hong Kong of the Company in Hong Kong from the date of this circular up to and including the date of the SGM:

- a. the Subscription Agreement;
- b. the memorandum of association and bye-laws of the Company;
- c. the letter from the Board, the text of which is set out on pages 4 to 12 of the circular;

- d. the letter of recommendation from the Independent Board Committee dated 5 June 2018, the text of which is set out on page 13 of this circular;
- e. the letter of advice issued by Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 5 June 2018, the text of which is set out on pages 14 to 31 of this circular;
- f. the annual report of the Company for the year ended 31 March 2017;
- g. the interim report of the Company for the six months ended 30 September 2017;
- h. the written consent referred to in the paragraph headed “Expert and Consent” in this appendix; and
- i. this circular.

Asia Resources Holdings Limited
亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Asia Resources Holdings Limited (the “**Company**”) will be held at Empire Room 1, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Tuesday, 26 June 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

“THAT:

1. the subscription agreement dated 17 April 2018 (the “**Subscription Agreement**”) entered into between the Company and Mr. Li Yuguo (a copy of the Subscription Agreement to be produced to the meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) in respect of the subscription of 1,268,000,000 ordinary shares of HK\$0.25 per share in the capital of the Company (the “**Subscription Shares**”) at a subscription price of HK\$0.25 per Subscription Share and the transactions contemplated thereunder and the execution thereof be and are hereby approved, confirmed and ratified;
2. the subscription for the Subscription Shares by the Subscriber be and is hereby approved and the directors of the Company (the “**Directors**”) be and are hereby authorised to allot and issue the Subscription Shares pursuant to the terms of the Subscription Agreement; and
3. any one Director be and is hereby authorised for and on behalf of the Company to do all such acts and things and execute all such documents which he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Subscription Agreement and the transactions contemplated thereunder and the issue and allotment of the Subscription Shares.”

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

Hong Kong, 5 June 2018

* *For identification purpose only*

NOTICE OF THE SGM

Principal place of business in Hong Kong:

Unit 4312, 43/F
COSCO Tower
183 Queen's Road Central
Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, subject to the provisions of the bye-laws of the Company, vote in his/her stead. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company's Branch Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than Sunday, 24 June 2018 at 11:00 a.m. (Hong Kong Time) or not less than 48 hours before the time for holding the said meeting or any adjourned meeting.
3. For determining the entitlement to attend and vote at the SGM, the Register of Members of the Company will be closed from Thursday, 21 June 2018 to Tuesday, 26 June 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the SGM (or at any adjournment thereof), all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's branch registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. (Hong Kong Time) on Wednesday, 20 June 2018.
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof, should he/she so wish, and in such event, the authority of the proxy shall be deemed to be revoked.
5. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto to, but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

As at the date of this notice, the Board consists of six executive directors, Mr. Li Yuguo, Mr. Huang Yilin, Mr. Chan Shi Yin, Keith, Ms. Guo Yumei, 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.