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Asia Resources Holdings Limited

亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

MAJOR AND CONNECTED TRANSACTION SUPPLEMENTAL AGREEMENT IN RELATION TO TERMINATION OF THE ACQUISITION OF PROPERTIES

THE SUPPLEMENTAL AGREEMENT

On 24 April 2019, the Vendor and the Purchaser has entered into the Termination Agreement. On 1 November 2019, the Purchaser and Mr. Li Yuguo entered into the Supplemental Agreement, pursuant to which, Mr. Li Yuguo agreed to repay the Refund Amount and the related compensation and interests to the Purchaser. The Purchaser agreed to extend the repayment date to 24 April 2020, with an interest rate of 5.25% per annum.

IMPLICATIONS OF THE LISTING RULES

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Li Yuguo is a substantial Shareholder holding approximately 29.80% of the issued share capital of the Company as at the date of this announcement, the chairman and an executive Director of the Company. Accordingly, Mr. Li Yuguo is a connected person of the Company under Chapter 14A of the Listing Rules and the Supplemental Agreement constitutes a connected transaction, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

* *For identification purpose only*

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

GENERAL

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder. Mr. Li Yuguo and its associates will abstain from voting on the resolution approving the Supplemental Agreement and the transaction contemplated thereunder at the SGM.

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

A circular containing, among other things, (i) further details of the Supplemental Agreement, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Supplemental Agreement; (iii) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement; (iv) a notice convening the SGM; and (v) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 November 2019 since more time is needed to incorporate the required information into the circular.

INTRODUCTION

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

Reference is made to the 2017 Announcement, the 2018 Circular and the Termination Announcement. Capitalised terms used in this announcement shall have the same meaning as those defined in the 2017 Announcement, the 2018 Circular and the Termination Announcement, unless the context requires otherwise.

On 24 April 2019, the Vendor and the Purchaser has entered into the Termination Agreement. On 1 November 2019, the Purchaser and Mr. Li Yuguo entered into the Supplemental Agreement, pursuant to which, Mr. Li Yuguo agreed to repay the Refund Amount and the related compensation and interests to the Purchaser. The Purchaser agreed to extend the repayment date to 24 April 2020, with an interest rate of 5.25% per annum.

The interest rate is determined based on arm's length negotiations with reference to the prevailing market interest rate.

THE SUPPLEMENTAL AGREEMENT

Date 1 November 2019

Parties

- (1) The Purchaser
- (2) Mr. Li Yuguo

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

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Li Yuguo is a substantial Shareholder holding approximately 29.80% of the issued share capital of the Company as at the date of this announcement, the chairman and an executive Director of the Company. Accordingly, Mr. Li Yuguo is a connected person of the Company under Chapter 14A of the Listing Rules.

Terms

1. In view of the termination of the Sale and Purchase Agreement, Mr. Li Yuguo shall refund the Refund Amount of RMB562,500,000 and pay the following to the Purchaser on or before the Extended Repayment Deadline:
 - (i) 2% of the Refund Amount amounting to RMB11,250,000, as monetary compensation; and
 - (ii) interest to be calculated from 25 October 2019 on a daily basis at an interest rate of 5.25% per annum, based on the total amount payable to the Purchaser amounting to RMB573,750,000.

2. Mr. Li Yuguo agrees and undertakes that if he breaches the Supplemental Agreement by failing to pay the Refund Amount and the related compensation and interests on or before the Extended Repayment Deadline, he shall pay the Purchaser damages to be calculated on a daily basis at an interest rate of 10% per annum on the outstanding amount payable to the Purchaser at the Extended Payment Deadline, until the outstanding amount and the damages are fully repaid.

CONDITIONS PRECEDENT FOR THE SUPPLEMENTAL AGREEMENT

Completion shall be conditional upon the following conditions precedent:

1. the Company having complied with the requirements under the Listing Rules in respect of the transactions contemplated in Supplemental Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Independent Shareholders; and
2. Mr. Li Yuguo having provided the Securities for the Supplemental Agreement.

If any of the above conditions precedent have not been fulfilled or waived on or before the Long Stop Date, Mr. Li Yuguo shall repay the Purchaser the Refund Amount and the related compensation and interests as calculated from 25 October 2019 immediately.

INFORMATION ABOUT THE COMPANY, THE GROUP AND THE PURCHASER

The Company is an investment holding company.

The Group is principally engaged in (i) water business; (ii) securities and other trading business; and (iii) property investment.

The Purchaser is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

The management of the Company currently expects the interest and the compensation derived in the Supplemental Agreement is an attractive opportunity for the Company to generate interest income for the Group.

Further, the management of the Company considers that the Securities provided by Mr. Li Yuguo is commercially comparable to the value of the Refund Amount. If Mr. Li Yuguo fails to repay the Refund Amount by the Extended Repayment Deadline, the Company will be at its discretion to take control over the Securities and may resell it to the market for the recovery of the Refund Amount. Further, since some of the assets which are covered by the Securities are located in Hong Kong instead of Mainland China, and the laws of Hong Kong are the applicable laws of the relevant security documents, it will be easier for the Company to enforce such securities as Hong Kong is the legal system which the Directors are more familiar and confident with. As a result of the aforesaid arrangement, the management of the Company considers that the Supplemental Agreement can also fully resolve the outstanding matters in connection to the Acquisition.

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

Mr. Li Yuguo, the Director who has a material interest in the Supplemental Agreement by virtue of his shareholding interests in the Company, has abstained from voting on the board resolution approving the Supplemental Agreement and the transactions contemplated thereunder.

IMPLICATIONS OF THE LISTING RULES

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Li Yuguo is a substantial Shareholder holding approximately 29.80% of the issued share capital of the Company as at the date of this announcement, the chairman and an executive Director of the Company. Accordingly, Mr. Li Yuguo is a connected person of the Company under Chapter 14A of the Listing Rules and the Supplemental Agreement constitutes a connected transaction, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

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

GENERAL

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

SGM

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder. Mr. Li Yuguo and its associates will abstain from voting on the resolution approving the Supplemental Agreement and the transaction contemplated thereunder at the SGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Supplemental Agreement, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Supplemental Agreement; (iii) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement; (iv) a notice convening the SGM; and (v) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 November 2019 since more time is needed to incorporate the required information into the circular.

DEFINITIONS

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

“2017 Announcement”	the announcement of the Company dated 12 October 2017 in relation to the Acquisition of Properties
“2018 Circular”	the circular of the Company dated 22 January 2018 in relation to the Acquisition
“Acquisition”	the acquisition of the Properties by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement and the transactions contemplated thereunder
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Building T3”	the 35-storey building, under the Shenyang Commodity Housing Pre-sale Permit No. 16122, on 46 Nanjing North Street which is part of the land situated at Shifu Main Road, Heping District, Shenyang City, Liaoning Province, the PRC (reference number of 011652204-2)
“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange (Stock Code: 899)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extended Repayment Deadline”	24 April 2020
“Group”	the Company and its subsidiaries from time to time
“HK\$”	the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Ba Junyu, Mr. Zhu Xueyi and Mr. Wong Chung Man, formed to advise the Independent Shareholders as to the Supplemental Agreement
“Independent Shareholders”	Shareholders other than Mr. Li Yuguo and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	24 January 2020 or such other date as the Purchaser and Mr. Li Yuguo may agree in writing
“Personal Guarantee”	a personal guarantee dated 20 October 2017 with Mr. Li Yuguo as chargor and in favour of the Purchaser
“PRC”	the People’s Republic of China for the sole purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the Properties comprise Floors 7 to 35 of Building T3
“Purchaser”	Asiaciti Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Refund Amount”	the total amount of RMB562,500,000 paid by the Purchaser to the Vendor according to the Sale and Purchase Agreement
“RMB”	the lawful currency for the time being of the PRC
“Sale and Purchase Agreement”	the agreement dated 12 October 2017 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Properties and guaranteed by the Personal Guarantee
“Securities”	collectively: <ul style="list-style-type: none"> a. the share charge over 80% shares in Hong Kong Spring Water Ding Dong Group Company Limited; and b. the debenture in respect of the fixed and floating charges over present and future assets of Mr. Li Yuguo (or his corporate vehicles) in Hong Kong
“SGM”	a special general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement dated 1 November 2019 between the Purchaser and Mr. Li Yuguo in relation to the Termination Agreement
“Termination Agreement”	the termination agreement dated 24 April 2019 entered into between the Vendor and the Purchaser in relation to the termination of the Sale and Purchase Agreement

“Termination
Announcement” the announcement of the Company dated 24 April 2019 in
relation to the termination of the Acquisition of Properties

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

By the order of the Board of
Asia Resources Holdings Limited
Liu Yan Chee James
Executive Director

Hong Kong, 1 November 2019

As at the date of this announcement, the Board consists of three executive directors, Mr. Li Yuguo, Mr. Liu Yan Chee James and Ms. Guo Yumei; two non-executive directors, Mr. Yang Xiaoqiang and Mr. Huang Yilin; and three independent non-executive directors, Mr. Ba Junyu, Mr. Zhu Xueyi and Mr. Wong Chung Man.