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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 26 May 2020 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Vendor and the Target Company entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (representing the entire issued share capital of the Target Company) and the Shareholder's Loan in accordance with the terms and conditions of the Agreement. The Target Company, through Zhejiang Shangshui, indirectly holds, inter alia, the Property and the Land situated in the PRC, which is currently leased to tenants for rental income.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

WARNING

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO CONDITIONS TO BE SATISFIED, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT BE COMPLETED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING OR CONTEMPLATING DEALING IN THE SECURITIES OF THE COMPANY.

THE AGREEMENT

The Board is pleased to announce that on 26 May 2020 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Vendor and the Target Company entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (representing the entire issued share capital of the Target Company) and the Shareholder's Loan in accordance with the terms and conditions of the Agreement. The Target Company, through Zhejiang Shangshui, indirectly holds, inter alia, the Property and the Land situated in the PRC, which is currently leased to tenants for rental income.

Details of the Agreement are set out below:

The Agreement

Date

26 May 2020 (after trading hours)

Parties

- (1) New Jumbo Group Limited, a direct wholly-owned subsidiary of the Company, as the Purchaser;
- (2) Mu Linlin, as the Vendor; and
- (3) the Target Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is an Independent Third Party.

Subject matter

The Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (representing the entire issued share capital of the Target Company) and the Shareholder's Loan in accordance with the terms and conditions of the Agreement.

Upon Completion, the Target Company will become a wholly-owned subsidiary indirectly held by the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

There is no restrictions of subsequent sale of the Sale Shares.

Consideration

The Total Consideration for the Acquisition shall be RMB100,000,000 (equivalent to approximately HK\$108,745,000), which shall be payable by the Purchaser in the following manner:

- (a) RMB10,000,000 (equivalent to approximately HK\$10,874,500) shall be paid within 7 days from the date of the Agreement as deposit to the Vendor;
- (b) RMB10,000,000 (equivalent to approximately HK\$10,874,500) shall be paid to the Vendor at Completion;
- (c) RMB40,000,000 (equivalent to approximately HK\$43,498,000) shall be paid on or before the date falling the expiry of six-month period after Completion; and
- (d) RMB40,000,000 (equivalent to approximately HK\$43,498,000) shall be paid on or before the date falling the expiry of twelve-month period after Completion.

The Total Consideration will be settled by internal resources of the Purchaser.

Basis of the Consideration

The Total Consideration was determined after arm's length negotiations between the Purchaser and the Vendor taking into account a number of factors including but not limited to (i) the unaudited consolidated net liabilities of the Target Company as at 31 March 2020, being approximately HK\$16,541,000; (ii) the appraised market value of the Property and the Land as at 31 March 2020 in the aggregate amount of RMB110,000,000 (equivalent to approximately HK\$119,619,500), based on an independent professional valuation; (iii) the location and conditions of the Property and the Land, and the rental income arising from the Property and the Land.

Conditions Precedent

Completion of the Agreement is conditional upon the satisfaction of the following conditions precedent:

- (a) completion of the due diligence on the legal, financial, business and operation of the Target Company and its assets by the Purchaser with satisfactory results in all respects;
- (b) compliance by the Purchaser and the Company of all requirements under the Listing Rules in respect of the transactions contemplated in the Agreement;
- (c) the warranties given by the Vendor as set out in the Agreement remain true and accurate in all material respects;
- (d) there is no material adverse change in the Target Company and its subsidiary;
- (e) no title issues on the Property and the Land have been identified and the valuation of the Property and the Land are not less than RMB110,000,000;
- (f) the Vendor having taken up the indebtedness of the subsidiary of the Target Company owed to a creditor in the principal sum of RMB60,900,000 and execute the requisite debt transfer agreement; and
- (g) all necessary consents, approvals, permissions, waivers, which are required for the execution and performance of the Agreement or Completion by the Purchaser, having been obtained and not having been revoked, suspended or withdrawn prior to Completion.

The Purchaser may waive the conditions as set out in paragraphs (a), (c) to (f) above. If any of the conditions has not been satisfied within 3 months from the date of the Agreement, either the Vendor or the Purchaser may terminate the Agreement and no party shall have any claim against the other party, except in respect of any antecedent breach.

The Deposit

The Deposit shall be refunded in full to the Purchaser if Completion does not take place due to any reason whatsoever.

Completion

Subject to the satisfaction of all conditions precedent, Completion shall take place on the third Business Day following the date of the satisfaction or waiver of all the conditions precedent of the Agreement (or such other date as the Vendor and the Purchases may agree).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been seeking investment opportunities from time to time with a view to diversify and enhance its asset portfolio, broaden its sources of income and accelerate further growth of the Group as a whole. The Property and the Land represent an excellent opportunity for the Group to invest in the property market in the PRC. As at the date of this announcement, the Property and the Land are fully-let to tenants and generate a stable source of rental income.

Given that the Property and the Land are fully-let and taking into account the location of the Property and the Land in the PRC, the Property and the Land are expected to contribute a stable rental income and cash flow to the Group and may have the potential to appreciate in value. The Property and the Land will be held as an investment property by the Group.

Taking into consideration the reasons for and benefits of the Acquisition to the Group, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated therein, including the Total Consideration which have been reached after arm's length negotiations among the parties, are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors had any material interest in the Acquisition nor were required to abstain from voting on the relevant resolution(s) of the Board.

INFORMATION ON THE PARTIES AND THE TARGET COMPANY

Information on the Company 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 development and investment business.

The Purchaser is principally engaged in investment holding.

Information on the Vendor

The Vendor is a businessman.

Information on the Target Company, the Property and the Land

The Target Company is an investment holding company incorporated under the laws of Hong Kong with limited liability, whose main asset is the entire equity interest of Zhejiang Shangshui, which holds the Property and the Land.

The Property occupies a total land parcel area of approximately 74,861.2 square metres and a building construction area of approximately 45,326.37 square metres. As at the date of this announcement, the Property is fully leased to tenants for rental income.

The Land occupies a land parcel area of approximately 31,945.65 square metres. As at the date of this announcement, the Land is fully leased to tenants for rental income.

Financial Information of the Target Company

The following unaudited and audited financial information is extracted from the financial statements of the Target Company compiled in accordance with the generally accepted accounting principles of Hong Kong:

	From 7 February 2018 to 31 May 2019	From 1 June 2019 to 31 March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Revenue	2,500	10,597
Loss before tax	15,782	1,701
Loss after tax	15,782	1,701

The unaudited consolidated net liabilities of the Target Company as at 31 March 2020 were approximately HK\$16,541,000

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares in, and the Shareholder's Loan advanced to, the Target Company by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 26 May 2020 entered into between the Purchaser, the Vendor and the Target Company in respect of the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day, other than a Saturday or Sunday or public holiday in Hong Kong, on which the commercial banks are open for general business
“Company”	Asia Resources Holdings Limited (亞洲資源控股有限公司), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 899)

“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Deposit”	a deposit of RMB10,000,000 (equivalent to approximately HK\$10,874,500) payable by the Purchaser within 7 days from the date of the Agreement in accordance with the terms of the Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third parties independent of the Group and its connected persons
“Land”	an industrial land parcel located at 中國浙江省金華蘭溪市上華街道沈村 (Chen Village, Shanghua Street, Lanxi City, Jinhua, Zhejiang Province, the People’s Republic of China) with land parcel area of approximately 31,945.65 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the property known as a two-storey industrial building located at 中國浙江省金華蘭溪市上華街道沈村 (Chen Village, Shanghua Street, Lanxi City, Jinhua, Zhejiang Province, the People’s Republic of China) with a building construction area of approximately 45,326.37 square metres together with the land parcel with a total area of approximately 74,961.2 square metres
“Purchaser”	New Jumbo Group Limited (匯寶集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company

“Sale Shares”	100 shares in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement.
“Share(s)”	shares(s) of the Company of par value HK\$0.01 each
“Shareholder(s)”	the holder(s) of the Shares
“Shareholder’s Loan”	the entire amount of the shareholder’s loan advanced by the Vendor to the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chi Sheng Trading Company Limited (熾盛貿易有限公司), a company incorporated under the laws of Hong Kong with limited liability, which is wholly owned by Mu Linlin as at the date of this announcement
“Total Consideration”	RMB100,000,000 (equivalent to approximately HK\$108,745,000), being the consideration payable by the Purchaser to the Vendor under the Agreement
“Vendor”	Mu Linlin, being a businessman and the sole Shareholder of the Target Company as at the date of this announcement
“Zhejiang Shangshui”	浙江上水捷運食品有限公司 (Zhejiang Shangshui Jieyun Food Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Target Company
“%”	per cent.

In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “percentage ratio(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

For illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the following exchange rate: RMB1 = HK\$1.08745.

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

Hong Kong, 26 May 2020

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.