THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult a 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 or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY AND (2) NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 6 to 17 of this circular.

A notice convening a special general meeting of the Company to be held at Units 1302-3, 13/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, on Wednesday, 12 July 2023 at 11:00 a.m. or any adjournment thereof is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the special general meeting (i.e. not later than 11:00 a.m. on Monday, 10 July 2023 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

* *For identification purpose only*

23 June 2023

CONTENTS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"Agreement"	the sale and purchase agreement dated 27 April 2023 entered into between the Company, the Purchaser and the Target Company in respect of the Disposal
"Announcement"	the announcement of the Company dated 2 May 2023 in relation to the Disposal
"Asia Enterprise"	亞洲企業管理（深圳）有限公司 (Asia Enterprise Management (Shenzhen) Co., Ltd.)*, a company established in the PRC and a wholly-owned subsidiary of Skyfair
"associates"	has the meaning ascribed to it under the Listing Rules
"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
"Bye-Laws"	the existing bye-laws of the Company
"close associates"	has the meaning ascribed to it under the Listing Rules
"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 Disposal in accordance with the terms and conditions of the Agreement, which shall take place within 18 months from the date on which the conditions precedent are satisfied (or such other date as the Company and the Purchaser may agree)

* *For identification purpose only*

"Dalian Chuanghe"	大連創和置地有限公司 (Dalian Chuanghe Landmark Co. Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares in, and the Shareholder's Loan advanced to, the Target Company by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
"Group"	the Company and its subsidiaries
"Guangxi Spring Water Ding Dong"	Guangxi Spring Water Ding Dong Beverages Company Limited* (廣西泉水叮咚飲品有限公司), a company established in the PRC and a wholly-owned subsidiary of Spring Water Ding Dong
"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
"Latest Practicable Date"	19 June 2023, 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
"Phase I"	Phase I of the development project of urban land for residential usage at Beibu District, Jishitan, Jinzhou New District, Dalian, the PRC by Dalian Chuanghe, comprising 21 buildings

* *For identification purpose only*

"Phase II"	Phase II of the development project of urban land for residential usage at Beidu District, Jishitan, Jinzhou New District, Dalian, the PRC by Dalian Chuanghe, comprising 34 buildings
"PRC"	the People's Republic of China, which for the purpose of this circular only excludes Hong Kong, Macau and Taiwan
"Purchaser"	Mao Yuzhen (毛玉珍), a merchant
"Refund Amount"	the full amount of RMB562,500,000 paid by Asiaciti Investment Limited to Liaoning Jingfeng Properties Co., Limited* 遼寧京豐置業有限公司 according to the sales and purchase agreement dated 12 October 2017
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	1 share in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the Latest Practicable Date
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGM"	a special general meeting of the Company to be held on Wednesday, 12 July 2023 for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
"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 Company to the Target Group (if any), the amount of which was HK$331,532,000 as at 30 September 2022 and HK$331,533,527.58 as at the Latest Practicable Date

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"Shengyi Information"	晟奕信息諮詢(深圳)有限公司 (Shengyi Information Consulting (Shenzhen) Co., Ltd.)*, a company established in the PRC and a wholly-owned subsidiary of Skyfair
"Shenyang Properties"	the properties comprising Floors 7 to 35 of Building T3 under the Shenyang Commodity Housing Pre-sale Contract No. 16122
"Shenzhen Dingshengguan"	深圳市鼎晟冠實業發展有限公司 (Shenzhen Dingshengguan Industrial Development Co., Ltd.)*, a company established in the PRC and a wholly-owned subsidiary of Shengyi Information
"Skyfair"	Skyfair Investment Ltd. 僑輝投資有限公司, a wholly foreign-owned enterprise established in Hong Kong and a wholly-owned subsidiary of the Target Company
"Spring Water Ding Dong"	Hong Kong Spring Water Ding Dong Group Company Limited, a company incorporated in Hong Kong with limited liability
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Century Strong Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is wholly owned by the Company as at the date of this circular
"Target Group"	comprises Target Company, Skyfair, Asia Enterprise, Shengyi Information and Shenzhen Dingshengguan
"Termination Agreement"	a termination agreement dated 24 April 2019 entered into between *Liaoning Jingfeng Properties Co,. Limited (遼寧京豐置業有限公司) as the vendor, Asiaciti Investment Limited as the purchaser, and Mr. Li Yuguo, details of which are set out in the circular of the Company dated 6 February 2020

* *For identification purpose only*

"Total Consideration"	RMB150,000,000 (equivalent to approximately HK$170,100,000), being the consideration payable by the Purchaser to the Company under the Agreement
"%"	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. Liu Yan Chee James
Mr. Yu Jiang
Mr. Li Xiaoming

Non-executive Directors:
Mr. Yang Xiaoqiang
Mr. Huang Yilin

Independent Non-executive Directors:
Mr. Ba Junyu
Mr. Zhu Xueyi
Mr. Wong Chung Man

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
Room 2601, 26/F,
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

23 June 2023

To the shareholders

Dear Sir/Madam,

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY AND (2) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement.

* *For identification purpose only*

The purpose of this circular is to provide you with the information with regard to, among other things, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) a notice convening the SGM; and (iii) other information as required under the Listing Rules.

THE AGREEMENT

On 27 April 2023, the Company, the Purchaser and the Target Company entered into the Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire, 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 cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Company will not be consolidated into the financial statements of the Group.

Details of the Agreement are set out below:

Date

27 April 2023 (after trading hours)

Parties

(1) The Company, as the vendor;

(2) Mao Yuzhen, as the Purchaser; and

(3) the Target Company.

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

Subject matter

The Company agreed to sell, and the Purchaser agreed to acquire, 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 cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Company will not be consolidated into the financial statements of the Group.

Consideration

The Total Consideration for the Disposal shall be RMB150,000,000 (equivalent to approximately HK$170,100,000), which shall be payable by the Purchaser in the following manner:

(a) RMB1,500,000 (equivalent to approximately HK$1,701,000) shall be paid to the Company as deposit (the "**Deposit**") within 14 days after the date of the Agreement;

(b) RMB148,500,000 (equivalent to approximately HK$168,399,000), being the remaining balance of the Total Consideration, shall be paid to the Company at Completion.

Basis of the Consideration

The Total Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to, among others, (i) the unaudited consolidated net liabilities (including the Shareholder's Loan) of the Target Company as at 28 February 2023, being approximately HK$100,242,000 and the unaudited consolidated net assets value (excluding the Shareholder's Loan) of the Target Company as at 28 February 2023, being approximately HK$231,290,000; (ii) the appraised market value of the Target Company as at 28 February 2023 in the aggregate amount of RMB158,000,000 (equivalent to approximately HK$179,172,000), based on an independent professional valuation; (iii) the acquisition costs of the properties held by the Target Company; (iv) the current adverse market conditions and property market sentiments (including but not limited to the high unemployment rate and deflation in the PRC and the fact that Group has been offering to sell the Target Company or its underlying assets for a prolonged period of time for more than a year and the Purchaser is the only willing purchaser); and (v) the factors as set out in the paragraph headed "Reasons For and Benefits of Disposal" below.

Having considered that (i) the Group has been looking for potential purchaser of the Target Group and its underlying assets for a long time and those assets did not generate any revenue for the Group so far, (ii) the Purchaser was the only party who expressed interest in acquiring the Target Group and (iii) the economic condition and the property market in the PRC are uncertain in the near future, the Company agreed to the Total Consideration even though it is much lower than the acquisition costs of the properties held by the Target Company.

The Board is of the view that the methodologies and assumptions adopted by the independent qualified valuer in the valuation reports under Appendix V and Appendix VI are fair and reasonable. The Board has reviewed the different valuation approaches and methods applied by the valuer for different types of assets and considers them suitable given the different nature of each particular asset and its income stream. The Board has also reviewed and discussed the valuation assumptions adopted by the valuer and considers them appropriate. Although the building ownership certificate of the property held by the Target Company has not yet been issued, the Board considers that the assumptions in the valuation reports relating to obtaining the relevant certificates and approvals are appropriate as the Group has obtained physical possession of the property.

With regard to the valuation of the Target Company, the Board understands from the independent qualified valuer that (i) the income approach is not an adequate approach for the valuation of the Target Company because this involves a lot of assumptions and estimates while not all of the assumptions and estimates can be easily quantified or reliably measured, and there is no sufficient information to allow detailed planning for reliable positive profit or cash-flow projections; (ii) the market approach is not applicable for the valuation of the same, as there are insufficient comparable market transactions available for the derivation of the fair value of the Target Company; and thus (iii) the asset approach is the most appropriate valuation approach to value the 100% equity interests of the Target Company and the adjusted net assets value method under the asset approach has been applied in the valuation of the same. The Board also considers the assumption of the independent qualified valuer that the financial information obtained from the Board and others is accurate and complete to be reasonable.

The Board has reviewed the various assumptions and selection criteria used for the market comparables in the valuation of the different types of assets and liabilities of the Target Company as set out in Appendix V and considered them to be fair and reasonable. The Board understands that the market comparables used by the independent qualified valuer represent an exhaustive list to the best of the valuer's knowledge. The list of market comparables and the derived adopted rate for property valuation are listed in Appendix VI and the Board's assessment is discussed below. The Board considers that (i) the selection criteria of the market comparables for the naming right of the property are fair and reasonable as their location, usage and area are close to or similar to that of the property concerned; (ii) the assumptions used for the valuation of the advertising right of the property are in line with the business plan of the Target Company and the experience of the Group and that the selection criteria for the peer companies in determining the proper rate to discount the forecast cash flows are appropriate considering the location, advertising activities and size of the peer companies. Furthermore, regarding the advertising right of the property, the Board has also considered the market information provided by the valuer, and the market information obtained through the research of the management of the Company, and considers the computation and forecast to be reasonable.

As for the valuation of the Property (as defined in Appendix VI), the Board understood that (i) the direct comparison method under the market approach is considered the most preferable and generally accepted method to adopt when market comparables are available; (ii) the valuer had analysed recent market transaction evidences of properties within neighbouring region of the Property and similar developments which have characteristics comparable to the Property (the "**Comparable Properties**"); (iii) the Comparable Properties represent an exhaustive list to the best of the valuer's knowledge; and (iv) relevant adjustments were made by the valuer to reflect the difference between the Comparable Properties and the Property in terms of attributes including but not limited to time, location, size, accessibility, building management, building age and building quality. Accordingly, the Board concurs with the valuer that the selection of Comparable Properties used in the valuation of the Property and the basis of the adjustments made are fair and reasonable.

Upon reviewing and discussing the above factors and the valuation reports with the valuation date of 28 February 2023, the Board has decided to cut loss on the investment in the Target Company and accept the Total Consideration offered by the Purchaser considering that the valuation of the Target Company may drop further given the adverse market condition and poor property market sentiments, and it is also uncertain on when the Group will receive another comparable offer again if the offer of the Purchaser is rejected.

The Company agreed to a period of 18 months for payment of the remaining balance of the Total Consideration because (i) the Group has been looking for potential purchaser of the Target Group and its underlying assets for a long time and those assets did not generate any revenue for the Group so far, (ii) the Purchaser was the only party who expressed interest in acquiring the Target Group and (iii) the economic condition and the property market in the PRC are uncertain in the near future. Relevant data published by the National Bureau of Statistics of China have revealed a downward trend in the national real estate development and corporate business units investment since the beginning of 2022 to April 2023. The Group maintains a cautious view on the outlook of the PRC property market for the time being. Considering the foregoing, it is highly uncertain on whether the Group will be able to find another willing purchaser within the next 18 months with the same or better offer if the offer from the Purchaser for the Total Consideration is rejected by the Group and therefore it would be in the interest of the Company and its Shareholders to secure the Disposal and lock the sale price of the Target Group.

The Group has also discussed with the Purchaser and understood that, given the significant amount of the Total Consideration and the outbreak of COVID-19 during the past few years, she will need some time to arrange and collect the cash necessary for the completion of the deal. The Group has obtained the asset proof from the Purchaser, such as (i) the real estate ownership certificate dated 10 July 2018 registered in the name of the Purchaser in which the land use rights of the development located at Yancheng city, Jiangsu Province with a site area of around 8,175 square metres and a property area of around 28,000 square metres were granted to the Purchaser for a term of 40 years expiring on 10 April 2045 for commercial use, (ii) the management accounts of her trading company as of 31 March 2023 and (iii) the pond contracting agreement entered into by the Purchaser on 16 November 2021 in relation to the leasing of 2 ponds in Wangyang Management District* (旺陽管理區), Sheyang County, Jiangsu Province, the PRC by the Purchaser for a term of 2 years expiring on 31 December 2023 as a business proof for her freshwater aquaculture base. The Directors have discussed with the Purchaser and have also conducted a market research on the web, and noted that the asset value in respect of the properties represented by the abovementioned real estate ownership certificate is estimated to be not less than RMB160,000,000 based on references of recent transactions with comparable properties of similar nature and location. Further, the Purchaser has provided to the Directors the management accounts of her trading company for the 1st quarter of 2023 and noted that it was in a profit position. In view of the assets owned by the Purchaser, the scale and diversity of her businesses and further to the assessments made by the Board in relation to the properties represented by the abovementioned real estate ownership certificate and the prices realized by comparable properties, the Board concurs with the view of the Purchaser that the aggregate value of the asset proof provided by the Purchaser is estimated to be not less than the Total Consideration and considered that the Purchaser had the capability to honour her payment obligations under the Agreement.

In light of the above, and taking into account the Purchaser will also pay the Deposit to the Company and the Company shall be entitled to forfeit the Deposit in the event that the Purchaser fails to pay the remaining balance of the Total Consideration as set out in the paragraph headed "Consideration" above to complete the deal after the Company has satisfied the conditions precedent as set out in the paragraph headed "Conditions Precedent" below, the Board considers that the settlement arrangement is in the interest of the Company and its shareholders as a whole.

* *For identification purpose only*

Conditions Precedent

Completion of the Agreement is conditional upon compliance by the Company of all requirements under the Listing Rules in respect of the transactions contemplated in the Agreement, including publication of the Announcement and this circular, and obtaining approval from the Shareholders by an ordinary resolution in the special general meeting of the Company pursuant to the Listing Rules.

Up to the date of this circular, the Announcement and this circular have been published. The SGM will be held on 12 July 2023.

None of the conditions precedent can be waived.

If the condition has not been satisfied within 6 months from the date of the Agreement, either the Company 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.

Completion

Subject to the satisfaction of the conditions precedent, Completion shall take place within 18 months from the date on which the conditions precedent are satisfied (or such other date as the Company and the Purchaser may agree). The Group currently has no plan to extend Completion which can only take place upon mutual consent of both parties.

The ownership of the Target Company will only be transferred to the Purchaser upon Completion after the Purchaser has paid the remaining balance of the Total Consideration and the parties have exchanged the necessary completion deliverables pursuant to the Agreement. If the Purchaser shall fail to pay the remaining balance of the Total Consideration or fail to perform her other obligations at Completion pursuant to the Agreement, the Company is entitled to forfeit the Deposit, terminate the Agreement and/or seek other damages and remedies pursuant to the Agreement.

Upon Completion, (i) the Target Company will cease to be a wholly-owned subsidiary of the Company and the financial results of the Target Company will not be consolidated into the financial statements of the Group; and (ii) the Shareholder's Loan will be assigned to the Purchaser and the Target Company will owe the Shareholder's Loan to the Purchaser but not the Group. The Group will no longer be entitled to the repayment of the Shareholder's Loan after Completion. The Purchaser shall deal with the Target Company themselves as far as the Shareholder's Loan is concerned.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has continuously endeavoured to enhance its asset portfolio in order to create long-term value for the Company and its shareholders. The properties which are currently held by the Target Group comprise naming right, advertising right, a single-storey building located at Block 2 and 76 units located at Block 1 of Jinma Creative Industry Park, which is situated at Depot No. 2, 3rd Road and Shenyan Road Interact, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC. The Group entered into various acquisition agreements and supplemental agreements during 2014 to 2017 to purchase the properties at the total consideration of approximately RMB266,700,000. An aggregate sum of approximately RMB250,000,000 had been paid by the Group in accordance with the terms of the respective agreements and the total remaining balance of approximately RMB16,700,000 shall be paid by the Target Company within 30 days from the date on which the relevant building ownership certificates have been issued in favour of the Target Company pursuant to the terms of the relevant agreements. Since the properties were previously acquired by the Target Company as purchaser, the Target Company, as the contract party, will remain to be liable to perform the acquisition agreements and the supplemental agreements with the vendor, including the obligation to pay the balance of the purchase price pursuant to the terms of the aforesaid agreements. As at the Latest Practicable Date, the Group has obtained physical possession of the properties but still has not received the building ownership certificates. The Company has engaged a PRC law firm to negotiate with the vendor of the properties to resolve the matter. However, the vendor did not provide a concrete reason as to why the certificates could not be obtained nor a timeline as to when such certificates were available. Despite repeated effort of the Group, the Directors consider that there is no certain timeline under which such certificates could be obtained. Absence of building ownership certificate prevents the Group from leasing the same to potential tenants, which in turn seriously affected the investment returns of the Group.

The property market in the PRC has remained stagnant during the past few years. The Group has been trying to look for potential buyers in order to acquire the underlying idle assets of the Target Company. As at the date of the Announcement and the Latest Practicable Date, only the Purchaser expressed interest to acquire the same and the Directors consider that this would constitute a good opportunity for the Group to realize the investment. The Purchaser has acknowledged and confirmed in the Agreement that she is aware that the building ownership certificates for the property held by the Target Company have not been issued and it is uncertain on when they can be obtained. Provision of such building ownership certificates is not a condition precedent for Completion nor payment of the remaining balance of the Total Consideration. Therefore, the absence of such building ownership certificates shall not affect Completion. The Directors consider that, given there is a willing buyer, it would be in the interest of the Company to dispose of the Target Company and the Disposal represents a valuable opportunity for the Company to realise the value of the Target Company at a favourable price. The proceeds to be received from the Disposal will allow the Group to be well positioned and equipped to identify and capture other investment opportunities, which may include mines, real properties and other commercial development of projects relating to the principal activities of the Group, and the remaining proceeds will be used for working capital of the Group. It is intended that 10% of the Total Consideration will be allocated for the working capital of the Group while 90% of the Total Consideration will be allocated for other potential investment opportunities. As at the Latest Practicable Date, there is no detailed plan for any new investment opportunities, specific acquisition target nor business expansion as the Group is still at preliminary feasibility stage for any such new business opportunities.

The Group is expected to record an unaudited loss of approximately HK$61,190,000 from the Disposal, which is estimated based on the consideration to be received by the Group for the Disposal (i.e. RMB150,000,000 (equivalent to approximately HK$170,100,000)) less the net assets value of the Target Company (excluding the Shareholder's Loan) as at 28 February 2023 before the impairment made for the year ended 31 March 2023 and any related expenses. The said net assets value of the Target Company as at 28 February 2023 has taken into account the impairment made during the previous financial year ended 31 March 2022. The actual amount of loss on the Disposal to be recorded by the Group will depend on the net carrying value of the Target Company as at the date of Completion, which may be different from the amount mentioned above and will be subject to the review and final audit by the auditors of the Company. The Disposal does not have any impact on the liabilities of the Group but will reduce the value of the assets of the Group by approximately HK$61,190,000, being the estimated unaudited loss as discussed above.

As mentioned above, the Target Company was in a net liabilities position if the Shareholder's Loan was taken into account. If the Shareholder's Loan was not taken into account, the Target Company was in a net assets position. The amount of the Total Consideration has already taken into account the amount of Shareholder's Loan and the Group will no longer be entitled to the repayment of the Shareholder's Loan after Completion. Taking into consideration the reasons for and benefits of the Disposal 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 thereunder, 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 Disposal nor were required to abstain from voting on the relevant resolution(s) of the Board.

INFORMATION ON THE PARTIES TO THE AGREEMENT

The Group and the Company

The Company is an investment holding company.

The Group is principally engaged in (i) water business and (ii) property development and investment business.

The Purchaser

The Purchaser is a merchant and is currently operating a number of businesses of substantial values, including a construction and decoration materials company and a freshwater aquaculture base. She is also the chairman of a trading company in Jiangsu Province, the PRC.

The Target Company and the property owned by it

The Target Company is a company incorporated under the laws of the British Virgin Islands with limited liability, whose principal business is property investment and whose main asset is the entire equity interest of Skyfair, Asia Enterprise, Shengyi Information, Shenzhen Dingshengguan, which hold a single-storey building located at Block 2 (with a total gross floor area of approximately 4,957 square metres) and 76 units located at Block 1 (with a total gross floor area of approximately 14,099 square metres) of Jinma Creative Industry Park, which is situated at Depot No. 2, 3rd Road and Shenyan Road Interact, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC, with naming rights of the names of the properties owned by it and advertising rights in relation to the advertising boards affixed on the same properties. The Target Company has not commenced any business in relation to the properties held by it as the relevant title registrations and title certificates are still pending approval by the PRC government authorities.

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:

	For the year ended 31 March		**For the eleven months ended 28 February**
	2021	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Unaudited)
Revenue	–	–	–
Profit/(Loss) before tax	4,263	(89,777)	(702)
Profit/(Loss) after tax	4,263	(89,777)	(702)

The unaudited consolidated net assets value (excluding the Shareholder's Loan) of the Target Company as at 28 February 2023 was approximately HK$231,290,000.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

A notice of an SGM to be held at Units 1302-3, 13/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong at 11:00 a.m. on Wednesday, 12 July 2023 is set out on pages SGM-1 to SGM-2 of this circular, for the purpose of considering and, if thought fit, passing the resolution in respect of the Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Board, as at the Latest Practicable Date, no Shareholder has a material interest in the Agreement and is required to abstain from voting at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, the resolution at the SGM will be voted on by way of poll and the Company will announce the results of the poll in the manner prescribed under Rules 13.39(5) and (5A) of the Listing Rules.

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 10 July 2023 to Wednesday, 12 July 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. (Hong Kong Time) on Friday, 7 July 2023.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.asiaresources899.com.hk). Whether or not you propose to attend the SGM, you are requested to complete the accompanying form of proxy for use at the SGM in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the

SGM or any adjournment thereof (as the case may be). 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 if you so desire and, in such event, the form of proxy shall be deemed to be revoked.

RECOMMENDATION

Having considered the aforesaid circumstances and benefits of the Disposal, the Directors are of the view that the Agreement and the Disposal contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Asia Resources Holdings Limited
Li Yuguo
Chairman

The published audited financial statements of the Group for each of the three years ended 31 March 2020, 2021 and 2022 and the six months ended 30 September 2022 were set out in the Company's annual reports for each of the three years ended 31 March 2020, 2021 and 2022 and the Company's interim report for the six months ended 30 September 2022, which can be accessed on the website of the Stock Exchange (www.hkexnews.hk), and the website of the Company (http://www.asiaresources899.com.hk). Quick links to the annual reports of the Company are set out below:

Annual report of the Company for the year ended 31 March 2020: https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0722/2020072200165.pdf

Annual report of the Company for the year ended 31 March 2021: https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0630/2021063002991.pdf

Annual report of the Company for the year ended 31 March 2022: https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072800001.pdf

Interim report of the Company for the six months ended 30 September 2022: https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1215/2022121500385.pdf

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, there were unaudited outstanding lease liabilities of approximately HK$3.0 million and outstanding advance from third party of RMB4.6 million (equivalent to approximately HK$5.2 million).

	As at 30 April 2023 *HK$'000*
The Group	
Unsecured lease liabilities[(1)]	2,982
Unsecured advance[(2)]	5,215
Total	8,197

Notes:

1. Such balances were not covered by any guarantees as at 30 April 2023.

2. Such advance was unsecured, without guarantee, interest bearing at 10% per annum and repayable on 19 June 2023.

Save as disclosed above, the Group, apart from intra-group liabilities, did not have any loan capital issued and outstanding or agreed to be issued, debt securities, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills), or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 30 April 2023.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

The Company is in the course of carrying out the audit of its financial statements for the year ended 31 March 2023 and assessing the value of its various assets in relation thereto and the figures are not yet ascertained as at the Latest Practicable Date. The Company will publish an announcement at appropriate time in compliance with the Listing Rules, if necessary.

3. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into consideration the internal financial resources available to the Group and the Total Consideration to be received (after deducting transaction costs and professional expenses) from the Disposal, are of the opinion that, after entering into the Agreement, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Revenue

For the year ended 31 March 2022, the revenue of the Group was approximately HK$21,200,000 (2021: HK$32,920,000). The decrease in revenue was mainly because (i) most of the saleable area of the completed properties held for sale in Dalian, the PRC had been handed over to buyers and the corresponding revenue was recognised in previous financial years and as a result the remaining saleable area decreased; (ii) the debt crisis of some of the property developers in the PRC has adverse impact on the property market; and (iii) the sales and handover of the remaining completed properties held for sale were slowed down during the year ended 31 March 2022 due to the continuation of the COVID-19 pandemic.

Cost of Sales

For the year ended 31 March 2022, the Group's cost of sales was approximately HK$4,136,000 (2021: HK$16,471,000). The cost of sales represented the cost of properties sold and its decrease was in line with the decrease in revenue from sales of properties.

Gross Profit

The Group recorded a gross profit of approximately HK$17,064,000 for the year ended 31 March 2022. The gross profit was mainly attributable to the rental income generated from the investment properties in Zhejiang.

Borrowing

At 31 March 2022, the borrowing of the Group comprised the loan from third party of approximately HK$8,813,000, which is interest bearing at 10%, repayable on demand and denominated in RMB.

Business Review

The Group continuously focuses its effort on our core business in the water business, property development and property investment business. Since early 2020, in response to the COVID-19 pandemic, the PRC government authorities imposed travel restrictions for a long period of time and implemented varying degrees of movement controls in certain regions, depending on the number of infected cases. These precautionary measures adversely affected our core businesses and caused unforeseen delays in our investment and development. The Company is proactively taking actions to mitigate the adverse impacts of the COVID-19 pandemic on the Group. Besides, the debt crisis of some of the property developers in the PRC has negative impact on the property market, which in turn adversely affected the development progress and valuation of our property projects.

Water Business

Water Production and Sales

The Group holds 20% equity interests in Spring Water Ding Dong which has a wholly-owned subsidiary, Guangxi Spring Water Ding Dong. Guangxi Spring Water Ding Dong possesses a water procurement permit for production and sales of bottled water and is currently in operation in Guangxi.

Water Mining

For the water mining business in Hunan, the construction of factory has already been completed in the first quarter of 2023. The installation of machinery and equipment are currently in progress. The production is expected to commence in the second half of 2023.

Property Development

Dalian Properties

For the property development business in Dalian, construction of the Phase I has been completed and as at 30 September 2022, the Group has already handed over an aggregate of approximately 80% of the total saleable area of the Phase I properties to the buyers since April 2019 onwards.

Phase II is recognised as the properties under development of the Group. The Group planned to develop 34 buildings with aggregate saleable area of approximately 69,000 square metres. The development of Phase II is in preliminary stage. Due to (i) the outbreak of the COVID-19 pandemic since the beginning of 2020; (ii) the slowdown of economic growth in the PRC; and (iii) the debt crisis of some of the property developers in the PRC since mid-2021, the development of Phase II has been delayed and rescheduled.

On 27 January 2022, Dalian Chuanghe received an idle land decision from Dalian Municipal Bureau of Natural Resources* (大連市自然資源局), pursuant to which the land of Phase II was determined to be in idle condition. Therefore, there is a risk of the land of Phase II being repossessed by the PRC government authorities without compensation. The management of Dalian Chuanghe is actively negotiating and communicating with the PRC government authorities to lift the decision of idle status and to avoid land repossession by the PRC government authorities without compensation.

As at the Latest Practicable Date, the legal title of the land of Phase II remained under the control of the Company despite the idle land decision. No further action was taken by the PRC government authorities and the Company was not aware of any exact timeline of the repossession.

The Board has reviewed and reconsidered the development plan of Phase II. The construction material costs has continuously increased in recent years, which led to the increase in the development costs. However, the selling price of the properties in Dalian has dropped due to the debt crisis of some of the property developers in the PRC since mid-2021 and the outbreak of the COVID-19 pandemic. As a result, the projected profit margin of developing Phase II has dropped significantly. Due to the abovementioned factors, a full impairment of approximately HK$242,539,000 (2021: Nil) on the properties under development was made. Nevertheless, the management is still using its best endeavors to avoid land repossession by the PRC government authorities without compensation.

Property Investment

Beijing Properties

The Group entered into an acquisition agreement on 28 February 2017 to purchase (a) office premises with a gross floor area of 8,335 square metres and (b) underground car park with a gross floor area of 3,100 square metres located in Phrase III of 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 a consideration of approximately RMB220,000,000 (subject to adjustment).

* *For identification purpose only*

As at 30 September 2022, the Group paid the consideration of RMB200,000,000 in accordance with the payment terms stated in the sale and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the execution of the pre-sale agreement between the vendor and the purchaser, an indirect wholly owned subsidiary of the Company and the building ownership certificate having been obtained by the purchaser. Due to the outbreak of COVID-19 pandemic, the construction works were temporarily suspended for several times and the progress was significantly affected and delayed. In the second quarter of 2022, there was an outbreak of the COVID-19 pandemic in Beijing again, which further affected the construction progress. In June 2022, the Company received a letter from the vendor explaining the reasons of delay in construction works and requesting for a further extension of handover of the properties. In May 2023, the Company received another letter from the vendor requesting for a further extension of handover of the properties. Currently, the vendor has resumed the construction works and the construction is expected to be completed on or before 31 December 2023. The Company has engaged a PRC legal advisor to handle this matter. The management will continue to follow up and take appropriate actions.

Zhejiang Properties

The Group holds the land use rights in respect of an industrial land parcel with site area of approximately 31,950 square metres and a two-storey industrial building with a total gross floor area of approximately 45,330 square metres together with another land parcel with a total site area of approximately 74,960 square metres located at Zhejiang. The industrial lands and building are currently leased to tenants for rental income.

Suzhou Properties

The Group holds the land use rights in respect of several buildings with total construction area of approximately 14,798 square metres together with the land parcel with a total site area of approximately 20,841 square metres located in Suzhou. The land and buildings are currently leased to tenants for rental income.

Furniture trading business

On 16 December 2022, the Group has entered into a joint venture agreement with Mr. Liu Haijun to establish a joint venture company to engage in furniture distribution business. The joint venture company, Teamwood Group Limited, has been set up in January 2023. The joint venture company is preparing for commencing the furniture distribution business in near future.

The Group also endeavours to diversify its business and product portfolio in order to diverse the risks from its existing businesses. Apart from its current core business in water business, property development and property investment business, the Group is actively studying the feasibilities of expansion into mining business of other types of minerals and also the business of commodities trading but there is no concrete plan nor project identified yet as it is still at the stage of preliminary feasibility study. As of the Latest Practicable Date, the Company has no intention or plan, or entered into any agreement, arrangement, undertaking or negotiation (whether formal or informal; express or implied) to acquire new businesses or dispose of its existing businesses.

FUND RAISING ACTIVITIES OF THE GROUP

Placing of Shares on 3 August 2018

The net proceeds (net of all relevant costs and expenses) from placing of shares under general mandate on 3 August 2018 were approximately HK$316.5 million. Details of the placing of shares were set out in the announcements of the Company dated 17 April 2018 and 3 August 2018 respectively and the circular of the Company dated 5 June 2018.

Up to 30 September 2022, the Group had utilised the net proceeds as follows:

Intended use of net proceeds	Allocation of net proceeds		Utilisation up to 30 September 2022	Remaining balance of net proceeds as at 30 September 2022
	HK$ million	*% of net proceeds*	*HK$ million*	*HK$ million*
Capital expenditure on the production facilities of Hunan Xintian	56.0	17.7%	7.7	48.3
Potential acquisition of business or companies	213.0	67.3%	213.0	–
Working capital of the Group	47.5	15%	47.5	–
	316.5	100.0%	268.2	48.3

With a view to putting the Company's resources to a better use, the Board had therefore temporarily re-allocated the aforesaid unutilised net proceeds for the use of acquisition of the Shenyang Properties in previous years. Referring to the announcements of the Company dated 24 April 2019, 1 November 2019, 7 July 2020, 1 September 2021 and 19 August 2022 respectively and the circulars of the Company dated 6 February 2020, 24 August 2020, 1 November 2021 and 30 September 2022 respectively, the acquisition of the Shenyang Properties had been terminated and the Group entered into supplemental agreements with Mr. Li Yuguo, a substantial shareholder, the chairman and an executive Director of the Company to recover the outstanding sum in relation to the termination of the acquisition of the Shenyang Properties on or before 2 July 2023.

The unutilised net proceeds for the use of the capital expenditure on the production facilities of Hunan Xintian is expected to be used by mid-2023. The Board will deploy the unutilised net proceeds of approximately HK$48.3 million back to the capital expenditure on production facilities of Hunan Xintian.

Placing of Shares on 29 July 2022

The net proceeds (net of all relevant costs and expenses) from placing of shares under general mandate on 29 July 2022 were approximately HK$29.51 million. Details of the placing of shares were set out in the announcements of the Company dated 5 July 2022 and 29 July 2022 respectively.

Up to 30 September 2022, the Group had utilised the net proceeds as follows:

Intended use of net proceeds	**Allocation of net proceeds**		**Utilisation up to 30 September 2022**	**Remaining balance of net proceeds as at 30 September 2022**
	HK$ million	*% of net proceeds*	*HK$ million*	*HK$ million*
Working capital of the Group	19.51	66.1%	15.42	4.09
Potential investment	10.00	33.9%	–	10.00
	29.51	100.0%	15.42	14.09

The remaining proceeds allocated for working capital purpose of approximately HK$4.09 million had been fully utilized by 31 March 2023.

The remaining balance of net proceeds for the use of potential investment is expected to be utilized by June 2023.

Placing of Shares on 31 March 2023

The net proceeds (net of all relevant costs and expenses) from placing of shares under general mandate on 31 March 2023 were approximately HK$11 million. Details of the placing of shares were set out in the announcements of the Company dated 16 March 2023 and 31 March 2023 respectively.

Up to 31 March 2023, the Group had utilised the net proceeds as follows:

Intended use of net proceeds	**Allocation of net proceeds**		**Utilisation up to 31 March 2023**	**Remaining balance of net proceeds as at 31 March 2023**
	HK$ million	*% of net proceeds*	*HK$ million*	*HK$ million*
Working capital of the Group	11.0	100%	–	11.0

The Group intends to use the remaining proceeds of approximately HK$11 million by 31 March 2024.

UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the unaudited financial information of Century Strong Limited (the "**Target Company**") and its subsidiaries (collectively referred to as the "**Target Group**") which comprises the unaudited consolidated statements of financial position as at 31 March 2020, 2021 and 2022 and 28 February 2023, the unaudited consolidated statements of profit or loss and other comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows for each of the years ended 31 March 2020, 2021 and 2022 and the eleven months ended 28 February 2022 and 2023, and certain explanatory notes (collectively, the "**Unaudited Financial Information of the Target Group**").

The Unaudited Financial Information of the Target Group has been prepared and presented in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information of the Target Group on page II-1 to II-7 of this circular and Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and has been prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Proposed Disposal.

Lau and Au Yeung C.P.A. Limited, the auditor of the Company, was engaged to review the Unaudited Financial Information of the Target Group set out on pages II-1 to II-7 of this circular in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review of the Unaudited Financial Information of the Target Group, nothing has come to the auditor's attention that causes them to believe the Unaudited Financial Information of the Target Group is not prepared, in all material respects, in accordance with the basis of preparation and presentation as set out in note 2 to the Unaudited Financial Information of the Target Group.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 March 2020, 2021 and 2022 and the eleven months ended 28 February 2022 and 2023

	Year ended 31 March			Eleven months ended 28 February	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	–	–	–	–	–
Other gains	10	8	9	7	6
Administrative expenses	(1,444)	(1,078)	(838)	(770)	(708)
(Provision for)/reversal of impairment loss on deposits paid	(5,358)	5,454	(88,948)	–	–
Written off of amount due from a fellow subsidiary	–	(121)	–	–	–
(Loss)/profit before taxation	(6,792)	4,263	(89,777)	(763)	(702)
Taxation	–	–	–	–	–
(Loss)/profit for the year/period	(6,792)	4,263	(89,777)	(763)	(702)
Other comprehensive income for the year/period, net of tax					
Items that will not be reclassified to profit or loss:					
Exchange differences on translation to presentation currency	(925)	900	(912)	609	6,496
Total comprehensive income for the year/period	(7,717)	5,163	(90,689)	(154)	5,794

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 March 2020, 2021 and 2022 and 28 February 2022 and 2023

	At 31 March			At 28 February	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	3,444	2,634	1,906	1,979	1,058
Deposits paid for property, plant and equipment	287,313	317,058	239,977	331,106	219,656
	290,757	319,692	241,883	333,085	220,714
Current assets					
Other receivables	7,669	8,313	8,664	8,681	7,929
Amounts due from fellow subsidiaries	20,770	20,648	20,648	20,648	20,649
Bank balances and cash	2,552	2,766	2,887	2,891	2,647
	30,991	31,727	32,199	32,220	31,225
Current liabilities					
Amount due to the holding company	78,749	81,162	82,481	82,548	79,748
Amounts due to fellow subsidiaries	263,509	285,604	297,637	298,258	272,433
	342,258	366,766	380,118	380,806	352,181
Net current liabilities	(311,267)	(335,039)	(347,919)	(348,586)	(320,956)
NET LIABILITIES	(20,510)	(15,347)	(106,036)	(15,501)	(100,242)
Capital and reserves					
Share capital	–	–	–	–	–
Reserves	(20,510)	(15,347)	(106,036)	(15,501)	(100,242)
TOTAL EQUITY	(20,510)	(15,347)	(106,036)	(15,501)	(100,242)

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 March 2020, 2021 and 2022 and the eleven months ended 28 February 2022 and 2023

	Share capital	Translation reserve	Accumulated losses	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At at 1 April 2019	–	(2,283)	(10,510)	(12,793)
Loss for the year	–	–	(6,792)	(6,792)
Other comprehensive income for the year	–	(925)	–	(925)
Total comprehensive income for the year	–	(925)	(6,792)	(7,717)
At as 31 March 2020 and 1 April 2020	–	(3,208)	(17,302)	(20,510)
Profit for the year	–	–	4,263	4,263
Other comprehensive income for the year	–	900	–	900
Total comprehensive income for the year	–	900	4,263	5,163
At as 31 March 2021 and 1 April 2021	–	(2,308)	(13,039)	(15,347)
Loss for the year	–	–	(89,777)	(89,777)
Other comprehensive income for the year	–	(912)	–	(912)
Total comprehensive income for the year	–	(912)	(89,777)	(90,689)
At as 31 March 2022	–	(3,220)	(102,816)	(106,036)

	Share capital	Translation reserve	Accumulated losses	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2022	–	(3,220)	(102,816)	(106,036)
Profit for the period	–	–	(702)	(702)
Other comprehensive income for the period	–	6,496	–	6,496
Total comprehensive income for the period	–	6,496	(702)	5,794
As at 28 February 2023	–	3,276	(103,518)	(100,242)
As at 1 April 2021	–	(2,308)	(13,039)	(15,347)
Loss for the period	–	–	(763)	(763)
Other comprehensive income for the period	–	609	–	609
Total comprehensive income for the period	–	609	(763)	(154)
As at 28 February 2022	–	(1,699)	(13,802)	(15,501)

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 March 2020, 2021 and 2022 and the eleven months ended 28 February 2022 and 2023

	Year ended 31 March			Eleven months ended 28 February	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities					
(Loss)/profit before taxation	(6,792)	4,263	(89,777)	(763)	(702)
Adjustments for:					
Interest income on bank deposits	(8)	(8)	(9)	(6)	(6)
Depreciation of property, plant and equipment	1,175	1,060	825	756	697
Written off of amount due from a fellow subsidiary	–	121	–	–	–
Provision for/(reversal of) impairment loss on deposits paid	5,358	(5,454)	88,948	–	–
Operating cash flows before movements in working capital	(267)	(18)	(13)	(13)	(11)
Increase in amount due to holding companies	10	1	9	9	9
Increase in amounts due to fellow subsidiaries	–	8	–	–	–
Cash used in operations	(257)	(9)	(4)	(4)	(2)
Investing activities					
Interest received	8	8	9	6	6
Net cash generated from investing activities	8	8	9	6	6
Net (decrease)/increase in cash and cash equivalents	(249)	(1)	5	2	4
Cash and cash equivalents at beginning of the year/period	2,996	2,552	2,766	2,766	2,887
Effect of foreign exchange rate changes	(195)	215	116	123	(244)
Cash and cash equivalents at end of the year/period	2,552	2,766	2,887	2,891	2,647
Analysis of balances of cash and cash equivalents					
Bank balances and cash	2,552	2,766	2,887	2,891	2,647

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

For the years ended 31 March 2020, 2021 and 2022 and the eleven months ended 28 February 2022 and 2023

1. GENERAL

Century Strong Limited (the "**Target Company**") was incorporated with limited liability in the British Virgin Islands ("**BVI**") on 4 October 2013 and was wholly owned by Asia Resources Holdings Limited (the "**Company**"). The Target Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "**Target Group**") are principally engaged in property investment.

On 27 April 2023, Ms. Mao Yuzhen (the "**Purchaser**"), the Company and the Target Company entered into a sale and purchase agreement, pursuant to which the Company will dispose of 100% equity interests in the Target Company to the Purchaser ("**the Proposed Disposal**").

Upon completion of the Proposed Disposal, the Target Company will cease to be a subsidiary of the Group and its financial results, assets and liabilities will no longer be consolidated into the consolidated financial statements of the Group.

2. BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Target Group for the years ended 31 March 2020, 2021 and 2022 and the eleven months ended 28 February 2022 and 2023 (the "**Unaudited Financial Information of the Target Group**") has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules, and solely for the purpose of inclusion in this circular to be issued by the Company in connection with the Proposed Disposal.

The Unaudited Financial Information of the Target Group has been prepared by the Directors in accordance with the same accounting policies as those adopted by the Group in the preparation of the consolidated financial statements of the Group for each of the years ended 31 March 2020, 2021 and 2022 and the eleven months ended 28 February 2022 and 2023 ("**Relevant Periods**"). The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Unaudited Financial Information of the Target Group for the Relevant Periods is presented in Hong Kong dollars. All values are rounded to the nearest thousand except when otherwise indicated.

The Unaudited Financial Information of the Target Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised), Presentation of Financial Statements, or a complete condensed interim financial report as defined in Hong Kong Accounting Standard 34, Interim Financial Reporting, issued by the HKICPA and should be read in connection with the relevant published annual reports and interim reports of the Group for the Relevant Periods.

THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the unaudited pro forma financial information of Asia Resources Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") upon the completion of the disposal of 100% equity interests in Century Strong Limited (the "**Remaining Group**"), comprising the unaudited pro forma consolidated statement of financial position as at 30 September 2022, unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2022 and related notes (collectively, the "**Unaudited Pro Forma Financial Information**"). The Unaudited Pro Forma Financial Information is prepared by the Directors of the Company in accordance with Paragraph 4.29 and Paragraph 14.68(2)(a)(ii) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), for the purpose of illustrating the effect of the Proposed Disposal only and because of its hypothetical nature, it may not give a true picture of the financial results, cash flows and financial position of the Remaining Group had the Proposed Disposal been completed as at the specified dates or any future date.

The unaudited pro forma financial information presented below is prepared to illustrate the financial position of the Remaining Group as at 30 September 2022 as if the proposed disposal of 100% equity interests in Target Group (the "**Proposed Disposal**") had been completed on 30 September 2022. The unaudited pro forma financial information is prepared based on the consolidated financial statements of the Group set out in the published annual report of the Group for the year ended 31 March 2022 and the condensed consolidated financial statements of the Group set out in the published interim report of the Group for the six months ended 30 September 2022, after giving effect to the pro forma adjustments described in the notes that are directly attributable to the Proposed Disposal and factually supportable.

The unaudited pro forma financial information should be read in conjunction with the consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 March 2022 and the condensed consolidated financial statements of the Group set out in the published interim report of the Company for the six months ended 30 September 2022 and other financial information included elsewhere in the circular.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group as at 30 September 2022

	The Group As at 30 September 2022	Pro forma adjustments				The Remaining Group As at 30 September 2022
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*	
Non-current assets						
Investment properties	813,100					813,100
Property, plant and equipment	47,019	(1,058)				45,961
Right-of-use assets	1,045					1,045
Intangible assets	295,932					295,932
Interests in associates	140,366					140,366
Deposits paid	360,029	(219,656)				140,373
	1,657,491					1,436,777
Current assets						
Properties under development	–					–
Completed properties held for sale	66,325					66,325
Trade receivables	18,096					18,096
Prepayments, deposits and other receivables	165,965	(7,929)				158,036
Amount due from an associate	741					741
Amount due from non-controlling interest	11,598					11,598
Financial assets at fair value through profit or loss	2,072					2,072
Restricted bank deposits	757					757
Bank balances and cash	42,368	(2,647)		170,100	(2,280)	207,541
Amounts due from fellow subsidiaries	–	(20,649)	20,649			–
	307,922					465,166

	The Group As at 30 September 2022	Pro forma adjustments				The Remaining Group As at 30 September 2022
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*	
Current liabilities						
Trade payables	55,696					55,696
Other payables and accruals	58,318					58,318
Contract liabilities	36,483					36,483
Lease liabilities	972					972
Tax payables	689					689
Amount due to the holding company	–	(79,748)	79,748			–
Amounts due to fellow subsidiaries	–	(272,433)	272,433			–
	152,158					152,158
Net current assets	155,764					313,008
Total assets less current liabilities	1,813,255					1,749,785
Capital and reserves						
Share capital	86,117	–				86,117
Reserves	1,483,867	100,242	(331,532)	170,100	(2,280)	1,420,397
Total equity attributable to owners of the Company	1,569,984					1,506,514
Non-controlling interests	86,948					86,948
	1,656,932					1,593,462
Non-current liabilities						
Deferred tax liabilities	156,323					156,323
	1,813,255					1,749,785

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining Group for the year ended 31 March 2022:

	The Group For the year ended 31 March 2022	Pro forma adjustments		The Remaining Group For the year ended 31 March 2022
	(Audited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 3	*Note 4(a)*	*Note 2(d) & 4(b)*	
Revenue	21,200			21,200
Cost of sales	(4,136)			(4,136)
Gross profit	17,064			17,064
Other gains	125,692	(9)		125,683
Other losses	(49)		(162,979)	(163,028)
Selling and distribution expenses	(3,001)			(3,001)
Administrative expenses	(26,777)	838	(2,280)	(28,219)
Share of results of associates	(14,366)			(14,366)
Provision for impairment loss on intangible assets	(40,504)			(40,504)
Provision for impairment loss on deposits paid	(150,795)	88,948		(61,847)
Provision for impairment loss on properties under development	(242,539)			(242,539)
Provision for impairment loss on completed properties held for sale	(10,604)			(10,604)
Provision for impairment loss on interests in associates	(29,395)			(29,395)
Provision for impairment loss on other receivables	(1,952)			(1,952)
Loss from changes in fair value of investment properties	(37,074)			(37,074)
Reversal of provision for land value added tax	20,188			20,188
Finance costs	(1,052)			(1,052)
Loss before taxation	(395,164)			(470,646)
Taxation	19,032			19,032
Loss for the year	(376,132)			(451,614)

	The Group For the year ended 31 March 2022	Pro forma adjustments		The Remaining Group For the year ended 31 March 2022
	(Audited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 3	*Note 4(a)*	*Note 2(d) & 4(b)*	
Other comprehensive income for the year				
Share of other comprehensive income of associates	(65)			(65)
Exchange differences on translation to presentation currency	32,726	912		33,638
Release of exchange reserve upon the Proposed Disposal	–		2,308	2,308
Other comprehensive income for the year, net of tax	32,661			35,881
Total comprehensive income for the year	(343,471)			(415,733)

Unaudited Pro Forma Consolidated Statement of Cash Flow of the Remaining Group for the year ended 31 March 2022:

	The Group For the year ended 31 March 2022	Pro forma adjustments		The Remaining Group For the year ended 31 March 2022
	(Audited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 3	*Note 4(a)*	*Note 5*	
Cash generated from operations	9,895	4		9,899
Income tax paid	(1,814)			(1,814)
Cash payments for interest portion of the lease liabilities	(185)			(185)
Net cash generated from operating activities	7,896			7,900
Investment activities				
Decrease in restricted bank deposits	2,425			2,425
Interest received	62	(9)		53
Compensation received relating to production volume guarantee by the minority shareholder	3,000			3,000
Purchase of property, plant and equipment	(10,678)			(10,678)
Additional cost of investment properties	(2,487)			(2,487)
Dividend income	27			27
Net cash inflow from the Proposed Disposal	–		165,054	165,054
Net cash (used in)/generated from investing activities	(7,651)			157,394

	The Group For the year ended 31 March 2022	Pro forma adjustments		The Remaining Group For the year ended 31 March 2022
	(Audited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 3	*Note 4(a)*	*Note 5*	
Financing activities				
Principal portion of lease payments	(1,777)			(1,777)
Net cash used in financing activities	(1,777)			(1,777)
Net (decrease)/increase in cash and cash equivalents	(1,532)			163,517
Cash and cash equivalents at the beginning of the year	19,034			19,034
Effect of foreign exchange rate changes	730	(116)		614
Cash and cash equivalents at the end of the year	18,232			183,165

Notes:

1 The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at 30 September 2022 as set out in the published interim report of the Company for the six months ended 30 September 2022.

2(a) The adjustments represent the de-recognition of assets and liabilities of the Target Group as at 30 September 2022. The assets and liabilities of the Target Group are extracted from the unaudited consolidated statement of financial position of the Target Group as at 28 February 2023 set out in Appendix II to this circular.

2(b) The adjustment represents the intra-group balances (the net balance defined as the "**Shareholders' Loan**") acquired by the Purchaser pursuant to the Agreement as of 30 September 2022.

2(c) The adjustment represents the consideration of RMB150,000,000 (equivalent to approximately HK$170,100,000) for the Proposed Disposal. Conversion of RMB into HK$ is made at the exchange rate: RMB1 = HK$1.134.

2(d) The adjustment represents estimated transaction costs such as professional fees of financial advisor, legal advisors, valuers, printer, the auditors of the Company and other miscellaneous costs with the sum of approximately HK$2,280,000 that are directly attributable to the Proposed Disposal.

3 The amounts are extracted from the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 March 2022 as set out in the published annual report of the Company for the year ended 31 March 2022.

4(a) The adjustment represents the exclusion of operating results/cash flows of the Target Group for the year ended 31 March 2022, assuming the Proposed Disposal was completed on 1 April 2021. The operating results and cash flows of the Target Group are extracted from the unaudited consolidated statement of profit or loss and other comprehensive income and unaudited consolidated statement of cash flows of the Target Group for the year ended 31 March 2022 set out in Appendix II to this circular, respectively.

4(b) The adjustment represents the financial impacts of the Proposed Disposal assuming the Proposed Disposal was completed on 1 April 2021 and is calculated as follows:

	HK$'000
Consideration *(Note 2(c))*	170,100
Less:	
Net assets (excluding Shareholders' Loan) of the Target Group as at 1 April 2021 *(i)*	(330,771)
Release of exchange reserves upon the Proposed Disposal as of 1 April 2021	(2,308)
Estimated loss on the Proposed Disposal	(162,979)

(i) Net assets (excluding the Shareholders' Loan) of the Target Group as at 1 April 2021 is calculated as follows:

	HK$'000
Net liabilities of the Target Group as at 1 April 2021	(15,347)
Less:	
Amounts due from fellow subsidiaries	(20,648)
Add:	
Amount due to the holding company	81,162
Amounts due to fellow subsidiaries	285,604
Net assets (excluding the Shareholders' Loan) of the Target Group as at 1 April 2021	330,771

5 The adjustment represents the proceeds from disposal of the Target Group as if the Proposed Disposal was completed on 1 April 2021:

	HK$'000
Consideration received *(Note 2(c))*	170,100
Less:	
Estimated transaction costs attributable to the Proposed Disposal *(Note 2(d))*	(2,280)
Less:	
Cash and cash equivalent held by the Target Group as at 1 April 2021	(2,766)
Net cash inflow from the Proposed Disposal	165,054

6 The adjustments in respect of the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows above are not expected to have a continuing effect on the Group.

7 The estimated loss on the Proposed Disposal, net cash inflow from the Proposed Disposal and the amount of consideration as illustrated above are subject to change. The actual carrying amount of the Target Group, and thus the loss on the Proposed Disposal and net proceeds from the Proposed Disposal at the date of Completion will likely be different from those stated in the unaudited pro forma financial information.

8 No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 30 September 2022.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF ASIA RESOURCES HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asia Resources Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2022, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2022, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-1 to III-9 of the Company's circular dated 23 June 2023 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-9 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed disposal of 100% equity interests in Century Strong Limited (the "**Proposed Disposal**") on the Group's financial position as at 30 September 2022, and the Group's financial performance and cash flows for the year ended 31 March 2022 as if the Disposal had taken place at 30 September 2022 and 1 April 2021, respectively. As part of this process, information about the Group's financial position as at 30 September 2022 has been extracted by the Directors from the Group's interim financial information for the six months ended 30 September 2022 set out in the interim report, on which no audit or review report has been published. Information about the Group's financial performance and cash flows for the year ended 31 March 2022 has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 March 2022, which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 September 2022 or and 1 April 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Lau & Au Yeung C.P.A. Limited
Certified Public Accountants

Au Yeung Tin Wah
Practising Certificate Number: P02343
Hong Kong, 23 June 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP

The following discussion should be read in conjunction with the financial information of the Group and the historical financial information and operating data included in this circular. The financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards.

Set out below is the management discussion and analysis of the business, financial results and position of the Remaining Group for each of the financial years ended 31 March 2020, 2021 and 2022 and for the six months ended 30 September 2022 prepared on the basis that the Target Group is not consolidated, and the Company has no ownership interest in the Target Group.

(1) FOR THE YEAR ENDED 31 MARCH 2020

Revenue

For the year ended 31 March 2020, the revenue from continuing operations of the Remaining Group was approximately HK$201,510,000. The revenue for the year was mainly attributable to the handover of properties in Dalian and start-up of sales of bottled water products. For the year, the Remaining Group recorded revenue from sales of properties and sales of bottled water products of approximately HK$201,242,000 and HK$268,000 respectively.

Cost of Sales

For the year ended 31 March 2020, the Remaining Group's cost of sales from continuing operations was approximately HK$288,754,000 of which the costs of properties and bottled water products sold were approximately HK$288,565,000 and HK$189,000 respectively.

Gross Loss

The Remaining Group recorded a gross loss from continuing operations of approximately HK$87,244,000 for the year ended 31 March 2020. The gross loss was mainly attributable to loss on sales of properties in Dalian due to higher development costs arising from the delay of property development and downturn of the property market in Dalian resulting in a drop in selling price.

Other Gains

For the year ended 31 March 2020, the Remaining Group recorded other gains of approximately HK$27,940,000. The increase was mainly due to compensation and interest income relating to termination of acquisition of the Shenyang Properties.

Other Losses

For the year ended 31 March 2020, the Remaining Group recorded other losses of approximately HK$60,825,000. The increase was mainly due to exchange loss derived from depreciation of Renminbi.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of agency fee, promotion fee and advertising expenses, which were approximately HK$9,653,000 for the year ended 31 March 2020. The increase was mainly due to sales of properties in Dalian and start-up of sales of bottled water products.

Administrative Expenses

Administrative expenses primarily consist of directors' emoluments, other staff costs and benefits, depreciation, legal and professional fee and other general office expenses, which were approximately HK$33,823,000 for the year ended 31 March 2020. The increase was mainly due to increase in the number of staff.

Material Impairment Losses

For the year ended 31 March 2020, the Remaining Group provided impairment losses for intangible assets, deposits paid, completed properties held for sale and properties under development of approximately HK$46,932,000, HK$87,515,000, HK$25,348,000 and HK$28,033,000 respectively.

These impairment losses arose mainly because the values of the corresponding assets of the Remaining Group in the PRC are adversely affected by the Sino-US trade dispute and the COVID-19 pandemic. Details are set out in the paragraph headed "BUSINESS REVIEW" below.

Share of Results of Associates

Share of losses of associates was approximately HK$9,572,000. Decrease in losses was because the associates have a significant growth in sales and a decrease in production costs in the year ended 31 March 2020.

Loss Attributable to Owners of the Company

The Remaining Group recorded a loss attributable to the owners of the Company of approximately HK$331,992,000 for the year ended 31 March 2020. The increase in loss was mainly due to (i) the gross loss from sales of properties in Dalian; (ii) the impairment loss on properties under development; (iii) the impairment loss on completed properties held for sale; (iv) the impairment losses on deposits paid; (v) impairment losses on intangible assets; (vi) share of losses of associates; and (vii) exchange losses.

BUSINESS REVIEW

The Remaining Group continuously focuses its effort on its core business including water business, property development and property investment business.

Affected by Sino-US trade dispute and COVID-19 pandemic, the PRC's economic growth has slowed down, Renminbi has depreciated and the values of assets in the PRC are impaired. The Remaining Group also suffered a significant impact on its core business from these factors.

Water Business

The Remaining Group recorded a loss from water business segment of approximately HK$57,739,000 for the year ended 31 March 2020. The loss mainly comprised (i) impairment loss on intangible assets; and (ii) operating expenses.

Water Production and Sales

The Remaining Group holds 20% equity interests in Spring Water Ding Dong which had a wholly-owned subsidiary in Guangxi, i.e. Guangxi Spring Water Ding Dong. Guangxi Spring Water Ding Dong possessed a water procurement permit for production and sales of bottled water and was currently in operation in Guangxi. According to a valuation report issued by an independent qualified valuer, the value of the water procurement permit as at 31 March 2020 was RMB1,392,190,000.

During the year ended 31 March 2020, the Remaining Group shared losses of associates of approximately HK$9,572,000, which were mainly caused by the depreciation of property, plant and equipment and amortization of water procurement permit. Losses decrease was because Guangxi Spring Water Ding Dong had a significant growth in sales and a decrease in production costs in the year ended 31 March 2020.

On 4 April 2019, the Remaining Group entered into a supply agreement with Guangxi Spring Water Ding Dong to procure bottled water products for trading. Guangxi Spring Water Ding Dong is beneficially owned as to 80% by Mr. Li Yuguo, a substantial shareholder, the chairman and an executive Director of the Company. Details of the supply agreement are set out in the announcement of the Company dated 4 April 2019. During the year ended 31 March 2020, the Remaining Group recorded revenue from sales of bottled water products of approximately HK$268,000 and gross profit of approximately HK$79,000. The gross profit margin was approximately 29.5%.

Water Mining

The Remaining Group held 67% equity interests of Good Union (China) Limited which had a wholly-owned subsidiary in Hunan. It possessed a water mining licence for exploitation of mineral water in Hunan. Due to the outbreak of COVID-19 since January 2020, the construction works of factory were suspended and delayed. We have been actively communicating with the local government authorities and contractors in order to resume the construction works as soon as possible. We expected the construction works will be resumed in the second half of 2020 and will be completed in mid-2021. The production is expected to commence in late 2021.

The Remaining Group reviewed the fair value of the water mining licence as at 31 March 2020 with reference to a valuation report issued by an independent qualified valuer and an impairment provision of approximately HK$46,932,000 was made for the year ended 31 March 2020.

In accordance with the sale and purchase agreement dated 23 May 2017, the vendor, who is currently the minority shareholder of Good Union (China) Limited, has committed a production volume guarantee on Hunan project from 2019 to 2028. For details, please refer to the announcement of the Company dated 23 May 2017. The vendor was not able to satisfy the production volume guarantee for the year 2019 since production has not commenced yet. The Remaining Group is currently negotiating with the vendor for the compensation of 2019. The Remaining Group may engage other professionals to verify the amount of compensation.

Property Development and Property Investment Business

The Remaining Group recorded a loss from property development and investment segment of approximately HK$266,075,000 for the year ended 31 March 2020. The loss was mainly comprised of (i) gross loss on sales of properties in Dalian; (ii) impairment losses on properties under development and completed properties held for sales located in Dalian; (iii) impairment losses on deposits paid for property investments in Beijing and Zengcheng of Guangdong Province; (iv) exchange losses; and (v) operating expenses.

Property Development

Dalian Properties

Dalian Chuanghe commenced to handover the properties to buyers in April 2019. For the year ended 31 March 2020, approximately 30,723 square metres of properties had been handed over and revenue of approximately HK$201,242,000 was recorded. As at 31 March 2020, Dalian Chuanghe had sale contracts with contract amount of approximately RMB48,264,000 with gross saleable areas of around 6,611 square metres. The properties under these sales contracts were expected to be handed over in the near future.

For Phase II, there are 34 buildings with aggregate saleable area of approximately 69,000 square metres. Due to the outbreak of COVID-19, we had re-scheduled the development of Phase II and the construction of Phase II was expected to commence in around 2021.

Since the Sino-US trade dispute and COVID-19 pandemic led to the slowdown of economic growth and drop in assets price in the PRC, the selling price of Xin Tian Jia Yuan was adversely affected. Besides, the delay and long period of property development caused higher development costs. Therefore, the Remaining Group suffered a gross loss of approximately HK$87,323,000 from sales of properties and further impairment losses were recognised on completed properties held for sale and properties under development.

The Remaining Group reviewed the market value of the completed properties held for sale and properties under development as at 31 March 2020 with reference to a valuation report issued by an independent qualified valuer using market approach in the assessment of the valuation. Provision for impairment losses of approximately HK$25,348,000 and HK$28,033,000 were made for the year ended 31 March 2020 for completed properties held for sale and properties under development respectively.

Property Investment

Beijing Properties

The Remaining Group entered into an acquisition agreement on 28 February 2017 to purchase (a) office premises with a gross floor area of 8,335 square metres and (b) underground car park with a gross floor area of 3,100 square metres located in Phrase III of 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 a consideration of approximately RMB220,000,000 (subject to adjustment).

As at 31 March 2020, the Remaining Group paid the consideration of RMB200,000,000 in accordance with the payment terms stated in the sale and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the execution of the pre-sale agreement between the vendor and the purchaser, an indirect wholly-owned subsidiary of the Company and the building ownership certificate having been obtained by the purchaser. In May 2020, the Company received a letter from the vendor explaining the reasons of delay in construction works and requesting for an extension of handover of the properties. Due to the outbreak of COVID-19, the construction works have been suspended and not yet resumed. The vendor will resume the construction works as soon as possible and make best efforts to complete the construction on or before 31 December 2020.

* *For identification purpose only*

The Remaining Group reviewed the market value of Beijing Properties as at 31 March 2020 with reference to a valuation report issued by an independent qualified valuer using market approach in assessment of the valuation. A provision for impairment loss on deposits paid for Beijing Properties of approximately HK$19,057,000 was made for the year ended 31 March 2020.

Shenyang Properties (Terminated)

The Remaining Group entered into the sale and purchase agreement on 12 October 2017 to purchase the Shenyang Properties at a total consideration of RMB625,000,000 (subject to adjustment). The Shenyang Properties comprise Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC with a gross floor area of approximately 34,754.58 square metres, while the gross floor area of office is approximately 30,480.96 square metres.

On 24 April 2019, the Termination Agreement was entered into between the vendor, which was *Liaoning Jingfeng Properties Co., Limited (遼寧京豐置業有限公司), a company incorporated in the PRC with limited liability, and the Remaining Group to terminate the sale and purchase agreement in relation to the acquisition of Shenyang Properties. The vendor shall refund the total amount of deposits of RMB562,500,000 paid by the Remaining Group, together with a monetary compensation of RMB11,250,000 on or prior to 24 October 2019, details of which are set out in the announcement of the Company dated 24 April 2019.

On 1 November 2019, the Remaining Group further entered into the supplemental agreement with Mr. Li Yuguo, a substantial shareholder, the chairman and an executive Director of the Company and the ultimate beneficial owner of the vendor, pursuant to which Mr. Li Yuguo agreed to take up the responsibilities to repay the Refund Amount and the related compensation and interests to the Remaining Group and provide his personal assets as securities. The Remaining Group agreed to extend the repayment date to 24 April 2020, with an interest rate of 5.25% per annum. Details of the supplemental agreement are set out in the announcement of the Company dated 1 November 2019.

* *For identification purpose only*

On 29 April 2020, the Company published an announcement on the event of default in relation to the payment of the Refund Amount and related compensation and interest accrued thereon. On 8 May 2020, the Company set up a special committee (the "**Special Committee**"), with 3 independent non-executive directors as members, to handle the repayment and/or the recovery of the Refund Amount. The Company had engaged independent legal advisors to work with the Special Committee and the Special Committee would seek other professional advice so as to take appropriate actions to recover the Refund Amount or enforce the securities if necessary. Details of the event of default and the Special Committee are set out in the announcements of the Company dated 29 April 2020 and 8 May 2020 respectively.

Up to 29 June 2020 (i.e. the date of the annual report for the year ended 31 March 2020), the Remaining Group has received a partial payment of the Refund Amount and related compensation and interest of approximately HK$16,900,000.

Zengcheng Properties (Terminated)

Reference is made to the announcements of the Company dated 15 April 2015, 5 June 2015, 27 August 2015, 15 June 2016 and 18 January 2017 in relation to the acquisition of certain properties located in Jinma Waterfront Square* (金馬水岸廣場). Given that the vendor failed to deliver the physical possession of the properties within the timeframe specified in the acquisition agreements, the Remaining 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 of the Company dated 18 January 2017). As at 31 March 2020, the Remaining Group has received an aggregate sum of RMB212,000,000 as partial refund of the paid consideration and the payment of compensation. The Remaining Group's legal advisors has issued demand letters to the vendor for the repayment of the remaining balance of the paid consideration and the related compensation. Up to the date of 2020 annual report, no reply has been received from the vendor. The Group is closely following up the repayment status and considering to take further legal action against the vendor if appropriate.

After reviewing the past repayment history, and the behaviour of the vendor, the Directors are of the view that there is difficulty in debt collection because the repayment ability of the debtor is adversely affected by (i) the economic downturn; and (ii) the COVID-19 pandemic which affected the cash flow of the debtor. As a result, the outstanding refundable amount of approximately HK$68,458,000 has been fully provided for the year ended 31 March 2020.

* *For identification purpose only*

Trading Business

The Remaining Group strives to seek profitable trading business in order to enhance the diversity of our business and increase revenue. During the year ended 31 March 2020, the Remaining Group traded bottled water products in the PRC on an one-off and trial basis as set out in the subsection headed "Water Production and Sales" above.

Due to the outbreak of COVID-19 in early 2020, our sales plan has been hugely affected and only minimal sales were recorded in 2020. The Remaining Group will consider, depending on the actual market circumstances and opportunities, to identify new sources of general merchandises and engage in trading business in Hong Kong, the PRC or elsewhere.

SIGNIFICANT INVESTMENTS

As at 31 March 2020, the Remaining Group had significant investments in equity securities classified as financial assets at fair value through profit or loss. The details are set out as follows:

Stock code	Name of investee company	Number of shares held as at 31 March 2020	Percentage of shareholdings as at 31 March 2020	Carrying amount as at 31 March 2019	Unrealised fair value loss for the year ended 31 March 2020	Fair value as at 31 March 2020	Percentage of total financial assets at fair value through profit or loss as at 31 March 2020	Percentage of total assets of the Group as at 31 March 2020
				HK$'000	*HK$'000*	*HK$'000*		
640	Infinity Development Holdings Company Limited *(Note 1)*	1,000,000	0.17%	610	110	720	25.22%	0.03%
747	Shenyang Public Utility Holdings Company Limited *(Note 2)*	13,100,000	2.16%	3,930	(1,795)	2,135	74.78%	0.10%
				4,540	(1,685)	2,855	100.00%	0.13%

Notes:

1. According to the interim report of Infinity Development Holdings Company Limited ("**Infinity**") for the six months ended 31 March 2021, Infinity and its subsidiaries are principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers.

2. According to the interim report of Shenyang Public Utility Holdings Company Limited ("**Shenyang Public Utility**") for the six months ended 30 June 2021, Shenyang Public Utility and its subsidiaries are principally engaged in infrastructure construction and property investment.

The Directors believe that the future performance of the equity securities of those companies listed on the Stock Exchange held by the Remaining Group will be affected by the overall economic environment, capital market conditions, investor sentiment and the business performance of the investee companies. The Board will continue to look for attractive investment opportunities which can generate better returns to its shareholders from time to time. Save as disclosed above, there were no other significant investments by the Remaining Group during the year ended 31 March 2020.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2020, the Remaining Group's liquidity funds were primarily used to invest in the development of our property business and water business and for their operations and such funds were funded by a combination of capital contribution by shareholders as well as cash generated from operation.

The Remaining Group had no borrowing as at 31 March 2020.

As at 31 March 2020, the Remaining Group had total assets of approximately HK$1,814,446,000 which was financed by current liabilities of approximately HK$190,585,000, non-controlling interests of approximately HK$102,189,000 and shareholders' equity of approximately HK$1,510,550,000.

As at 31 March 2020, the Remaining Group's current ratio was approximately 5.56. Current ratio is calculated based on current assets divided by current liabilities.

As at 31 March 2020, the Remaining Group's gearing ratio was nil. Gearing ratio is calculated based on total borrowings divided by total equity.

MATERIAL ACQUISITIONS OR DISPOSALS

The Remaining Group has no material acquisition or disposal during the year ended 31 March 2020.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Remaining Group is mainly exposed to fluctuation in the exchange rate of RMB, arising from relevant group entities' monetary assets and liabilities denominated in foreign currency for the Remaining Group's operating activities.

The Remaining Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management closely monitors the relevant foreign currency exposure from time to time and will consider hedging significant foreign currency exposures should the need arise.

EMPLOYEE AND REMUNERATION POLICY

The Remaining Group had a total of approximately 51 employees in Hong Kong and the PRC as at 31 March 2020. The total staff cost (staff salaries, directors' emoluments and other staff costs) for the year ended 31 March 2020 amounted to approximately HK$14,547,000. Remuneration packages were generally structured according to market environment and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Remaining Group also provided medical benefits and subsidies employees in various training and continuous education programs.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2020, the Remaining Group had capital commitments of approximately HK$122,540,000 for acquisition of investment properties, property development expenditure and construction cost for water exploitation activities in Hunan.

FINANCIAL GUARANTEE CONTRACTS

As at 31 March 2020, Dalian Chuanghe provided corporate guarantees to third parties amounting to approximately RMB100,000,000.

Up to 29 June 2020 (i.e. the date of the annual report for the year ended 31 March 2020), the Remaining Group did not suffer any loss from the above corporate guarantees and pledge. Having considered the counter-guarantees provided by 創達地產（大連）有限公司, pledge of valuable properties by 大連順浩置業有限公司 and 創達地產（大連）有限公司 and subsequent settlement arrangements as stated above, in the opinion of the Directors, the fair values of the financial guarantee contracts are insignificant at initial recognition as the probability of suffering any significant loss by the Remaining Group from the above corporate guarantees and pledge is low. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

CHARGES ON REMAINING GROUP ASSETS

The Remaining Group did not have any charges over the Remaining Group's assets as at 31 March 2020. As at 31 March 2020, the Remaining Group had a land use right located in Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC of approximately HK$121,229,000 which was pledged to a bank for a recurring loan granted to a third party.

(2) FOR THE YEAR ENDED 31 MARCH 2021

Revenue

For the year ended 31 March 2021, the revenue of the Remaining Group was approximately HK$32,920,000. The decrease in revenue was mainly due to (i) over 72% of total saleable area of the completed properties in Dalian, the PRC had been handed over to buyers for which the corresponding revenue was recognised during the year ended 31 March 2020 and the remaining saleable area was significantly reduced during the year ended 31 March 2021; and (ii) the sales and handover of the remaining completed properties held for sale were slowed down during the year ended 31 March 2021 due to the outbreak of COVID-19 pandemic.

Cost of Sales

For the year ended 31 March 2021, cost of sales of the Remaining Group was approximately HK$16,471,000. The decrease was in line with the decrease in revenue.

Gross Profit

For the year ended 31 March 2021, the Remaining Group recorded a gross profit of approximately HK$16,449,000. The gross profit was mainly attributable to the rental income earned after the acquisition of the entire issued share capital of Chi Sheng Trading Company Limited (details of which were disclosed in the announcement of the Company dated 26 May 2020), which has a wholly owned subsidiary in Zhejiang, the PRC. Rental income was earned from the leasing of certain land use rights, a two-storey industrial building and machinery currently owned by the subsidiary in Zhejiang.

Other Gains

For the year ended 31 March 2021, the Remaining Group recorded other gains of approximately HK$107,500,000. The increase was mainly due to the interest income receivable by the Group relating to the termination of acquisition of Shenyang Properties (details of which were disclosed in the circular of the Company dated 24 August 2020) and the currency exchange gains on monetary assets and liabilities denominated in Renminbi resulting from the appreciation of Renminbi.

Other Losses

For the year ended 31 March 2021, the Remaining Group recorded other losses of approximately HK$41,000.

Selling and Distribution Expenses

For the year ended 31 March 2021, selling and distribution expenses primarily consisted of agency fee and promotion fee, which were approximately HK$2,641,000. The decrease was mainly attributable to the slowdown of sales of properties in Dalian due to the outbreak of COVID-19 pandemic.

Administrative Expenses

Administrative expenses primarily consisted of directors' emoluments, other staff costs and benefits, depreciation, legal and professional fees and other general office expenses, which were approximately HK$25,199,000 for the year ended 31 March 2021. The decrease was mainly due to the drop in staff costs as a result of the decrease in the number of staff.

Share of Results of Associates

For the year ended 31 March 2021, the share of losses of associates was approximately HK$10,195,000. The increase in losses was due to the drop in profit of the associate in Guangxi for the year ended 31 March 2021.

Profit attributable to Owners of the Company

For the year ended 31 March 2021, the Remaining Group recorded a profit attributable to owners of the Company, which amounted to approximately HK$87,001,000. The change from loss to profit was mainly attributable to (i) the change from gross loss to gross profit on sales of properties located in Dalian; (ii) the interest income receivable by the Remaining Group relating to the termination of acquisition of Shenyang Properties; (iii) the currency exchange gains on the monetary assets and liabilities denominated in Renminbi resulting from the appreciation of Renminbi in the year ended 31 March 2021, in contrast with the currency exchange losses on the corresponding monetary assets and liabilities resulting from the depreciation of Renminbi in the previous year; (iv) the absence of significant impairment losses on assets in the year ended 31 March 2021, in contrast with the significant impairment losses on certain assets due to the decrease in their fair values in the previous year; and (v) the gain from change in fair value of investment properties in Zhejiang.

BUSINESS REVIEW

At the beginning of 2020, the outbreak of COVID-19 pandemic had brought unprecedented challenges on the business of the Remaining Group. The lockdown order and travel restriction had significantly affected the Remaining Group's operation. As a result, it slowed down the development and growth of our businesses.

Water Business

The Remaining Group recorded a loss from water business segment of approximately HK$5,275,000 for the year ended 31 March 2021. For the year ended 31 March 2021, there was no impairment provision on the intangible assets. In addition, the decrease in advertising expenses and staff costs reduced the loss from water business for the year ended 31 March 2021.

Water Production and Sales

The Remaining Group holds 20% equity interests in Spring Water Ding Dong which has a wholly-owned subsidiary in Guangxi, i.e. Guangxi Spring Water Ding Dong. Guangxi Spring Water Ding Dong possesses a water procurement permit for production and sales of bottled water and is currently in operation in Guangxi.

During the year ended 31 March 2021, the Remaining Group shared losses of associates of approximately HK$10,195,000, which were mainly caused by the depreciation of property, plant and equipment and amortization of water procurement permit.

Water Mining

The Remaining Group holds 67% equity interests in Good Union (China) Limited which has a wholly-owned subsidiary in Hunan, which possesses a water mining licence for exploitation of mineral water in Hunan. Due to the outbreak of COVID-19 pandemic since January 2020, the construction works of the factory has been suspended and delayed. The construction works were resumed in the first half of 2021 and is expected to be completed in mid-2022. The production is expected to commence in the second half of 2022.

The Remaining Group reviewed the fair value of the water mining licence as at 31 March 2021 with reference to a valuation report issued by an independent qualified valuer and there was no impairment provision on the water mining licence for the year ended 31 March 2021.

Under the sale and purchase agreement dated 23 May 2017, the vendor, who is currently the minority shareholder of Good Union (China) Limited, has committed a production volume guarantee on the Hunan project for each of the calendar year from 2019 to 2028. For details, please refer to the announcement of the Company dated 23 May 2017. However, the production volume guarantees for each of the years 2019 and 2020 were not satisfied due to the delay in construction works and the outbreak of COVID-19 pandemic. The Remaining Group has engaged a law firm to issue demand letters to the vendor for compensation and to negotiate with the vendor.

Property Development and Property Investment Business

The Remaining Group recorded a profit from property development and investment segment of approximately HK$119,891,000 for the year ended 31 March 2021. The change from loss to profit was attributable to: (i) the change from gross loss to gross profit on sales of properties located in Dalian; (ii) the interest income receivable by the Remaining Group relating to the termination of acquisition of Shenyang Properties; (iii) the currency exchange gains on the monetary assets and liabilities denominated in Renminbi resulting from the appreciation of Renminbi in the year ended 31 March 2021, in contrast with the currency exchange losses on the corresponding monetary assets and liabilities resulting from the depreciation of Renminbi in the previous year; (iv) the absence of significant impairment losses on assets in the year ended 31 March 2021, in contrast with the significant impairment losses on certain assets due to the decrease in their fair values in the previous year; and (v) the gain from change in fair value of investment properties in Zhejiang.

Property Development

Dalian Properties

Dalian Chuanghe engages in the development of urban land for residential usage in Dalian and plans to develop 55 buildings with 21 buildings in Phase I and 34 buildings in Phase II at Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC.

Phase l, named "Xin Tian Jia Yuan", was completed in March 2019. There are 21 buildings established in Phase I with total saleable area of approximately 42,540 square metres including 4 eight-storey apartments (小高層), 9 garden villas (洋房) and 8 garden houses (聯排別墅). Dalian Chuanghe commenced to hand over the properties to buyers in April 2019. For the year ended 31 March 2021, approximately 2,420 square metres of properties were handed over and revenue of approximately HK$19,399,000 was recorded. Up to 31 March 2021, an aggregate of approximately 78% of the total saleable area of Phase l have been handed over to the buyers. As at 31 March 2021, Dalian Chuanghe had sale contracts with contract amount of approximately RMB32,791,000 with gross saleable areas of around 4,600 square metres which would be handed over to buyers in the near future.

For Phase II, there are 34 buildings with aggregate saleable area of approximately 69,000 square metres. The development of Phase II is in preliminary stage. Due to the outbreak of COVID-19 pandemic and the slowdown of economic growth in the PRC, the development of Phase II will be re-scheduled subject to the sales condition of Phase I and the property market in Dalian.

The Remaining Group reviewed the market value of the completed properties held for sale and properties under development as at 31 March 2021 with reference to a valuation report issued by an independent qualified valuer using market approach and residual method respectively in the assessment of the valuation. For the year ended 31 March 2021, a reversal of impairment losses on completed properties held for sale of approximately HK$856,000 was made. There was no impairment provision on properties under development for the year ended 31 March 2021.

Property Investment

Beijing Properties

The Remaining Group entered into an acquisition agreement on 28 February 2017 to purchase (a) office premises with a gross floor area of 8,335 square metres and (b) underground car park with a gross floor area of 3,100 square metres located in Phrase III of 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 a consideration of approximately RMB220,000,000 (subject to adjustment).

As at 31 March 2021, the Remaining Group paid the consideration of RMB200,000,000 in accordance with the payment terms stated in the sale and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the execution of the pre-sale agreement between the vendor and the purchaser, an indirect wholly-owned subsidiary of the Company and the building ownership certificate having been obtained by the purchaser. Due to the outbreak of COVID-19 pandemic, the construction works were temporarily suspended and the progress was delayed. In April 2021, the Company received the second letter from the vendor explaining the reasons of delay in construction works and requesting for an extension of handover of the properties. Currently, the vendor has resumed the construction works and the construction is expected to be completed on or before 30 June 2022. The management will continue to follow up and take appropriate actions.

The Remaining Group reviewed the market value of Beijing Properties as at 31 March 2021 with reference to a valuation report issued by an independent qualified valuer using market approach in assessment of the valuation. An impairment loss on deposits paid for Beijing Properties of approximately HK$1,141,000 was provided for the year ended 31 March 2021.

* *For identification purpose only*

Zhejiang Properties

During the year ended 31 March 2021, the Remaining Group acquired 100% equity interest in Chi Sheng Trading Company Limited which has a wholly-owned subsidiary in Zhejiang, the PRC. The subsidiary holds the land use rights in respect of an industrial land parcel with site area of approximately 31,950 square metres and a two-storey industrial building with a total gross floor area of approximately 45,330 square metres together with another land parcel with a total site area of approximately 74,960 square metres located in Chen Village, Shanghua Street, Lanxi City, Jinhua, Zhejiang Province, the PRC. The acquisition has been completed on 24 June 2020. The industrial lands and building are currently leased to tenants for rental income. The Remaining Group recorded rental income of approximately HK$13,520,000 for the year ended 31 March 2021. The Remaining Group reviewed the market value of Zhejiang Properties as at 31 March 2021 with reference to a valuation report issued by an independent qualified valuer using market approach in the assessment of the valuation. Increment in fair value of Zhejiang Properties of approximately HK$2,282,000 was recognised for the year ended 31 March 2021.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2021, the Remaining Group's liquidity funds were primarily used to invest in the development of our property business and water business and for their operations and such funds were funded by a combination of capital contribution by shareholders, short-term borrowing from independent third party as well as cash generated from operation.

As at 31 March 2021, the borrowing of the Group comprised the loan from third party of approximately HK$8,457,000, which bears interest at 10% per annum, repayable on demand and denominated in RMB.

As at 31 March 2021, the Remaining Group had total assets of approximately HK$1,944,807,000 which was financed by current liabilities of approximately HK$165,214,000, non-controlling interests of approximately HK$102,066,000 and shareholders' equity of approximately HK$1,643,807,000.

As at 31 March 2021, the current ratio of the Remaining Group was approximately 6.28. Current ratio is calculated based on current assets divided by current liabilities.

As at 31 March 2021, the gearing ratio of the Remaining Group was approximately 0.006. Gearing ratio is calculated based on total borrowings divided by total equity.

MATERIAL ACQUISITIONS OR DISPOSALS

Acquisition

On 26 May 2020, the Remaining Group entered into a sale and purchase agreement to acquire 100% of the issued share capital of, and the shareholder's loan advanced to, Chi Sheng Trading Company Limited at a consideration of RMB100 million. Its wholly-owned subsidiary, Zhejiang Shangshui Jieyun Food Co., Ltd.* (浙江上水捷運食品有限公司), holds, inter alia, the land use rights in respect of an industrial land parcel and a two-storey industrial building together with another land parcel located at Chen Village, Shanghua Street, Lanxi City, Jinhua, Zhejiang Province, the PRC* (中國浙江省金華蘭溪市上華街道沈村), which are currently leased to tenants for rental income. The acquisition was completed on 24 June 2020. Details of the acquisition are set out in the announcements of the Company dated 26 May 2020 and 24 June 2020 respectively.

Save as disclosed above, the Remaining Group has no other material acquisition during the year ended 31 March 2021.

Disposal

The Remaining Group has no material disposal during the year ended 31 March 2021.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Remaining Group is mainly exposed to fluctuation in the exchange rate of RMB, arising from relevant Group entities' monetary assets and liabilities denominated in foreign currency for the Remaining Group's operating activities.

The Remaining Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management closely monitors the relevant foreign currency exposure from time to time and will consider hedging significant foreign currency exposures should the need arise.

* *For identification purpose only*

EMPLOYEE AND REMUNERATION POLICY

The Remaining Group had a total of 25 employees in Hong Kong and the PRC as at 31 March 2021. The total staff cost (staff salaries, directors' emoluments and other staff costs) for the year ended 31 March 2021 amounted to approximately HK$9,482,000. Remuneration packages are generally structured with reference to market conditions and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provides medical benefits and subsidies employees in various trainings and continuous education programs.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2021, the Remaining Group had capital commitments of approximately HK$132,357,000 for acquisition of investment properties, property development expenditure and construction in-progress for water exploitation activities in Hunan.

FINANCIAL GUARANTEE CONTRACTS

As at 31 March 2021, Dalian Chuanghe provided corporate guarantees to third parties amounting to approximately RMB100,000,000, details of which are set forth in note 36 to the consolidated financial statements of the annual report of the Company for the year ended 31 March 2021.

CHARGES ON REMAINING GROUP ASSETS

The Remaining Group did not have any charges over its assets as at 31 March 2021.

(3) FOR THE YEAR ENDED 31 MARCH 2022

Revenue

For the year ended 31 March 2022, the revenue of the Remaining Group was approximately HK$21,200,000. The decrease in revenue was mainly because (i) most of the saleable area of the completed properties held for sale in Dalian, the PRC had been handed over to buyers and the corresponding revenue was recognised in previous financial years and as a result the remaining saleable area decreased; (ii) the debt crisis of some of the property developers in the PRC has adverse impact on the property market; and (iii) the sales and handover of the remaining completed properties held for sale were slowed down during the year ended 31 March 2022 due to the continuation of the COVID-19 pandemic.

Cost of Sales

For the year ended 31 March 2022, the Remaining Group's cost of sales was approximately HK$4,136,000. The cost of sales represented the cost of properties sold and its decrease was in line with the decrease in revenue from sales of properties.

Gross Profit

For the year ended 31 March 2022, the Remaining Group recorded a gross profit of approximately HK$17,064,000. The gross profit was mainly attributable to the rental income generated from the investment properties in Zhejiang.

Other Gains

For the year ended 31 March 2022, the Remaining Group recorded other gains of approximately HK$125,683,000. Other gains mainly consisted of (i) interest income relating to the termination of acquisition of Shenyang Properties; (ii) the compensation receivable from the minority shareholder of Good Union (China) Limited ("**Good Union**"), a non wholly-owned subsidiary of the Remaining Group, relating to the failure to fulfil the production volume guarantee of the water mining business in Hunan; and (iii) currency exchange gains on monetary assets and liabilities denominated in Renminbi resulting from the appreciation of Renminbi.

Finance Costs

For the year ended 31 March 2022, the Remaining Group recorded finance costs of approximately HK$1,052,000. The finance costs represented the interest on lease liabilities and other payables.

Selling and Distribution Expenses

For the year ended 31 March 2022, selling and distribution expenses of approximately HK$3,001,000 primarily consisted of agency and promotion fee incurred for selling the remaining unsold properties in Dalian.

Administrative Expenses

Administrative expenses primarily consisted of directors' emoluments, other staff costs and benefits, depreciation, legal and professional fees, land and property taxes and other general office expenses, which were approximately HK$25,939,000 for the year ended 31 March 2022. The increase was mainly due to the additional legal and professional fees incurred for the major acquisition during the year ended 31 March 2022 and the increase in land and property taxes of the investment properties in Zhejiang, exceeding the decrease in other operating expenses.

Share of Results of Associates

For the year ended 31 March 2022, the share of losses of associates was approximately HK$14,366,000. The increase in losses was caused by the loss of the associate in Guangxi for the year ended 31 March 2022, for which its operation was adversely affected by the continuation of the COVID-19 pandemic and the increasing transportation costs caused by varying degrees of movement controls in the PRC.

Loss attributable to Owners of the Company

For the year ended 31 March 2022, the Remaining Group recorded a loss attributable to owners of the Company, which amounted to approximately HK$271,865,000. The change from profit to loss was mainly attributable to (i) provision for impairment loss on properties under development of approximately HK$242,539,000; (ii) provision for impairment loss on completed properties held for sales of approximately HK$10,604,000; (iii) provision for impairment loss on deposits paid of approximately HK$61,847,000 resulting from the decrease in fair values of the underlying property investments in the PRC properties; (iv) provision for impairment loss on intangible assets of approximately HK$40,504,000; (v) provision for impairment loss on interests in associates of approximately HK$29,395,000; and (vi) loss from changes in fair value of investment properties of approximately HK$37,074,000.

BUSINESS REVIEW

Water Business

The Remaining Group recorded a loss from water business segment of approximately HK$17,420,000 for the year ended 31 March 2022. For the year ended 31 March 2022, the loss from water business was mainly attributable to an impairment loss on intangible assets which exceeded the compensation paid to the Remaining Group for failure to fulfill the production volume guarantee given by the former minority shareholder of Good Union.

Water Production and Sales

The Remaining Group holds 20% equity interests in Spring Water Ding Dong which has a wholly-owned subsidiary in Guangxi, Guangxi Spring Water Ding Dong. Guangxi Spring Water Ding Dong possesses a water procurement permit for production and sales of bottled water and is currently in operation in Guangxi.

During the year ended 31 March 2022, the Remaining Group shared losses of associates of approximately HK$14,366,000, which were mainly attributable to the depreciation of property, plant and equipment and amortization of water procurement permit. Losses increased because the revenue of the associates was adversely affected by the continuation of the COVID-19 pandemic and increasing transportation costs caused by varying degrees of movement controls in certain regions in the PRC.

The Remaining Group reviewed the recoverable amount of the interests in associates as at 31 March 2022 with reference to a valuation report issued by an independent qualified valuer. An impairment loss on the interests in associates of approximately HK$29,395,000 was provided for the year ended 31 March 2022.

Water Mining

The Remaining Group holds 67% equity interests in Good Union with a wholly-owned subsidiary in Hunan, which possesses a water mining licence for exploitation of mineral water in Hunan. Due to the outbreak of the COVID-19 pandemic since early 2020, the construction works of the factory has been suspended and delayed. The construction works were resumed in the first half of 2021. However, due to the outbreak of the Omicron variant of the COVID-19 virus in the PRC since the beginning of 2022, the construction works have to be further delayed. The construction of the factory is expected to be completed in the third quarter of 2022 and the production is expected to commence at the end of 2022 or early 2023.

On 23 May 2017, the Remaining Group entered into a sale and purchase agreement with Mr. Lam Chun Ho, pursuant to which Mr. Lam Chun Ho agreed to sell, and the Group agreed to purchase, 67% equity interests in Good Union. Immediately after the acquisition by the Remaining Group, Good Union was owned by the Remaining Group and Mr. Lam Chun Ho as to 67% and 33% respectively. Mr. Lam Chun Ho has given certain production volume guarantee pursuant to the sale and purchase agreement, including the production volume of spring water shall not be less than 50,000 cubic metres in 2019 and 100,000 cubic metres for each calendar year from 2020 to 2028. If Good Union fails to satisfy the production volume guarantee, Mr. Lam Chun Ho shall be required to pay monetary compensation to the Remaining Group. For details, please refer to the announcement of the Company dated 23 May 2017.

On 27 August 2021, Mr. Lam Chun Ho disposed of his 33% shareholding in Good Union to an independent third party. The Company continues to hold 67% shareholding in Good Union. The new minority shareholder of Good Union has agreed to assume all the liabilities and commitments of Mr. Lam Chun Ho. The new minority shareholder of Good Union has also agreed and fulfilled certain compensation obligations of Mr. Lam Chun Ho. The compensation relating to the failure to fulfil the production volume guarantee of the water mining business in Hunan for the years 2019 and 2020 of approximately HK$26,338,000 was mutually agreed between the new minority shareholder and the Remaining Group and recognised as other gains for the year ended 31 March 2022. As of the Latest Practicable Date, the new minority shareholder has paid HK$3,000,000 on 3 September 2021 and agreed to pay a further amount of HK$10,000,000 by the end of October 2022 and expects to pay the balance of the compensation amount by the end of this year. The Remaining Group is keeping its negotiation with the new minority shareholder which has responded that their business in the PRC has been affected by the government policies and restrictions relating to pandemic control measures causing delay in settlement of the entire compensation amount.

The production volume guarantee of the year 2021 was not satisfied due to stringent precautionary measures for the COVID-19 pandemic and the delay in constructions works. For the compensation for the year 2021, the Remaining Group is still negotiating with the new minority shareholder.

The water mining licence expired on 3 May 2022 and the renewal application has been submitted in April 2022. Affected by the COVID-19 pandemic, the renewal procedures of the government authorities were delayed. Up to the date of this report, the Xintian County Natural Resources Bureau* (新田縣自然資源局), Xintian County People's Government* (新田縣人民政府) and Yongzhou City Natural Resources and Planning Bureau* (永州市自然資源和規劃局) have issued letters to agree for the renewal of water mining licence. It is expected that the renewal procedures will be completed in the third quarter of 2022 and the delay of the renewal of water mining licence will not affect the construction and production plan of the factory in Hunan.

The Remaining Group reviewed the recoverable amount of the water mining licence as at 31 March 2022 with reference to a valuation report issued by an independent qualified valuer. An impairment loss on the water mining licence of approximately HK$40,504,000 (2021: Nil) was provided for the year ended 31 March 2022. Details of the valuation method and key assumptions and the impairment assessment are set out in notes 3 and 19 to the consolidated financial statements.

Property Development and Property Investment Business

The Remaining Group recorded a loss from property development and investment segment of approximately HK$227,668,000 for the year ended 31 March 2022. The change from profit to loss was attributable to (i) provision for impairment loss on properties under development; (ii) provision for impairment loss on completed properties held for sales; (iii) provision for impairment loss on deposits paid resulting from the decrease in fair values of the underlying property investments in the PRC properties; and (iv) loss from changes in fair value of investment properties.

Property Development

Dalian Properties

Dalian Chuanghe engages in the development of urban land for residential usage in Dalian and plans to develop 55 buildings with 21 buildings in Phase I and 34 buildings in Phase II at Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC.

* *For identification purpose only*

Phase l, named "Xin Tian Jia Yuan", was completed in March 2019 and recognised as the completed properties held for sale of the Group. There are 21 buildings established in Phase I with total saleable area of approximately 42,540 square metres including 4 eight-storey apartments (小高層), 9 garden villas (洋房) and 8 garden houses (聯排別墅). Dalian Chuanghe commenced to hand over the properties to buyers in April 2019. For the year ended 31 March 2022, approximately 548 square metres of properties were handed over and revenue of approximately HK$4,709,000 was recorded. Up to 31 March 2022, an aggregate of approximately 79% of the total saleable area of Phase l have been handed over to the buyers. As at 31 March 2022, Dalian Chuanghe had sale contracts with contract amount of approximately RMB36,979,000 with gross saleable areas of around 5,000 square metres which would be handed over to buyers in the near future.

The Remaining Group reviewed the market value of the completed properties held for sale as at 31 March 2022 with reference to a valuation report issued by an independent qualified valuer using market approach in the assessment of the valuation. For the year ended 31 March 2022, a provision for impairment loss on completed properties held for sale of approximately HK$10,604,000 was made.

Phase II is recognised as the properties under development of the Remaining Group. The Group planned to develop 34 buildings with aggregate saleable area of approximately 69,000 square metres. The development of Phase II is in preliminary stage. Due to (i) the outbreak of the COVID-19 pandemic since the beginning of 2020; (ii) the slowdown of economic growth in the PRC; and (iii) the debt crisis of some of the property developers in the PRC since mid-2021, the development of Phase II has been delayed and rescheduled to late 2022 or early 2023.

On 27 January 2022, Dalian Chuanghe received an idle land decision from Dalian Municipal Bureau of Natural Resources, pursuant to which the land of Phase II was determined to be in idle condition. Therefore, there is a risk that the land of Phase II being repossessed by the PRC government authorities without compensation. The management of Dalian Chuanghe is actively negotiating and communicating with the PRC government authorities to lift the decision of idle status and to avoid land repossession by the PRC government authorities without compensation. At the current stage, no further action was taken by the PRC government authorities.

The Board has reviewed and reconsidered the development plan of Phase II. The construction material costs has continuously increased in recent years, which led to the increase in the development costs. However, the selling price of the properties in Dalian has dropped due to the debt crisis of some of the property developers in the PRC since mid-2021 and the outbreak of the COVID-19 pandemic. As a result, the projected profit margin of developing Phase II has dropped significantly. Due to the abovementioned factors, the Board considered a full impairment of approximately HK$242,539,000 on the properties under development is appropriate and reasonable. Nevertheless, the management are still using its best endeavors to avoid land repossession by the PRC government authorities without compensation. If there is any further update, the Company will make a separate announcement on the same as and when appropriate.

Property Investment

Beijing Properties

The Remaining Group entered into an acquisition agreement on 28 February 2017 to purchase (a) office premises with a gross floor area of 8,335 square metres and (b) underground car park with a gross floor area of 3,100 square metres located in Phrase III of 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 a consideration of approximately RMB220,000,000 (subject to adjustment).

As at 31 March 2022, the Remaining Group paid the consideration of RMB200,000,000 in accordance with the payment terms stated in the sale and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the execution of the pre-sale agreement between the vendor and the purchaser, an indirect wholly owned subsidiary of the Company and the building ownership certificate having been obtained by the purchaser. Due to the outbreak of the COVID-19 pandemic, the construction works were temporarily suspended for several times and the progress was significantly affected and delayed. In the second quarter of 2022, there was an outbreak of the COVID-19 pandemic in Beijing again, which further affected the construction progress. In June 2022, the Company received a letter from the vendor explaining the reasons of delay in construction works and requesting for a further extension of handover of the properties. Currently, the vendor has resumed the construction works and the construction is expected to be completed on or before 31 December 2022. The management will continue to follow up and take appropriate actions.

* *For identification purpose only*

The Remaining Group reviewed the market value of Beijing Properties as at 31 March 2022 with reference to a valuation report issued by an independent qualified valuer using market approach in assessment of the valuation. An impairment loss on deposits paid for Beijing Properties of approximately HK$61,847,000 was provided for the year 31 March 2022.

Zhejiang Properties

In 2020, the Remaining Group acquired 100% equity interest in Chi Sheng Trading Company Limited which has a wholly-owned subsidiary in Zhejiang, the PRC. The subsidiary holds the land use rights in respect of an industrial land parcel with site area of approximately 31,950 square metres and a two-storey industrial building with a total gross floor area of approximately 45,330 square metres together with another land parcel with a total site area of approximately 74,960 square metres located in Chen Village, Shanghua Street, Lanxi City, Jinhua, Zhejiang Province, the PRC*.

The industrial lands and building are currently leased to tenants for rental income. The Remaining Group recorded rental income of approximately HK$16,491,000 for the year ended 31 March 2022. However, some of the tenants did not renew the tenancy agreements as the Group understands that their business were affected by the continuation of the COVID-19 pandemic during the year ended 31 March 2022. The management of the Zhejiang subsidiary is actively soliciting new tenants to maintain the high occupancy ratio.

The Remaining Group reviewed the market value of Zhejiang Properties as at 31 March 2022 with reference to a valuation report issued by an independent qualified valuer using market approach in the assessment of the valuation. The loss from change in fair value of Zhejiang Properties of approximately HK$37,074,000 was recognised for the year ended 31 March 2022.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2022, the Remaining Group's liquidity funds were primarily used to invest in the development of our property business and water business and for their operations and such funds were funded by a combination of capital contribution by shareholders, short-term borrowing from independent third party as well as cash generated from operation.

* *For identification purpose only*

As at 31 March 2022, the borrowing of the Group comprised the loan from third party of approximately HK$8,813,000, which bears interest at 10% per annum, repayable on demand and denominated in RMB.

As at 31 March 2022, the Remaining Group had total assets of approximately HK$1,658,239,000 which was financed by current liabilities of approximately HK$163,001,000, non-controlling interests of approximately HK$87,810,000 and shareholders' equity of approximately HK$1,391,930,000.

As at 31 March 2022, the current ratio of the Remaining Group was approximately 5.56. Current ratio is calculated based on current assets divided by current liabilities.

As at 31 March 2022, the gearing ratio of the Remaining Group was approximately 0.008. Gearing ratio is calculated based on total borrowings divided by total equity.

MATERIAL ACQUISITIONS OR DISPOSALS

The Remaining Group has no material acquisition or disposal during the year ended 31 March 2022.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Remaining Group is mainly exposed to fluctuation in the exchange rate of RMB, arising from relevant Group entities' monetary assets and liabilities denominated in foreign currency for the Remaining Group's operating activities.

The Remaining Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management closely monitors the relevant foreign currency exposure from time to time and will consider hedging significant foreign currency exposures should the need arise.

EMPLOYEE AND REMUNERATION POLICY

The Remaining Group had a total of 37 employees in Hong Kong and the PRC as at 31 March 2022. The total staff cost (staff salaries, directors' emoluments and other staff costs) for the year ended 31 March 2022 amounted to approximately HK$7,666,000. Remuneration packages are generally structured with reference to market conditions and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provides medical benefits and subsidises employees in various trainings and continuous education programs.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2022, the Remaining Group had capital commitments of approximately HK$153,034,000 for acquisition of investment properties, property development expenditure and construction in-progress for water exploitation activities in Hunan.

FINANCIAL GUARANTEE CONTRACTS

As at 31 March 2022, Dalian Chuanghe provided corporate guarantees to third parties amounting to approximately RMB100,000,000, details of which are set forth in note 36 to the consolidated financial statements of the annual report of the Company for the year ended 31 March 2022.

CHARGES ON REMAINING GROUP ASSETS

The Remaining Group did not have any charges over its assets as at 31 March 2022.

(4) FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

Revenue

For the six months ended 30 September 2022, the revenue of the Remaining Group was approximately HK$20,366,000. The increase was mainly due to increase in rental and management fee income after the acquisition of a subsidiary which holds certain investment properties in Suzhou, the PRC.

Cost of Sales

For the six months ended 30 September 2022, the cost of sales of the Remaining Group was approximately HK$3,588,000. The cost of sales for the six months ended 30 September 2022 represented the cost of properties sold.

Gross Profit

For the six months ended 30 September 2022, the Remaining Group recorded a gross profit of approximately HK$16,778,000. The gross profit was mainly attributable to rental income from the investment properties in Suzhou and Zhejiang.

Other Gains

For the six months ended 30 September 2022, the Remaining Group recorded other gains of approximately HK$19,917,000. The decrease was mainly due to (i) no currency exchange gains in the six months ended 30 September 2022, in contrast with the currency exchange gains on the corresponding monetary assets and liabilities resulting from the appreciation of RMB in the corresponding period in 2021; (ii) the decrease in interest income relating to the termination of acquisition of properties located in Shenyang, the PRC as a substantial portion of the outstanding sum had been settled during the six months ended 30 September 2022; and (iii) the compensation payable by the minority shareholder of Good Union, a non wholly-owned subsidiary of the Company, relating to the production volume guarantee of the water mining business in Hunan for the year 2021 not having been recognised in the six months ended 30 September 2022 as the amount of compensation had not been agreed between the Remaining Group and the minority shareholder, in contrast with the compensation relating to the production volume guarantee for the years 2019 and 2020 having been recognised in the corresponding period in 2021.

Other Losses

For the six months ended 30 September 2022, the Remaining Group recorded other losses of approximately HK$46,351,000. The other losses was mainly attributable to the currency exchange losses on the monetary assets and liabilities denominated in RMB resulting from the depreciation of RMB in the six months ended 30 September 2022.

Selling and Distribution Expenses

For the six months ended 30 September 2022, selling and distribution expenses were approximately HK$351,000. The decrease was due to less agency fee incurred for selling the remaining unsold properties in Dalian.

Administrative Expenses

For the six months ended 30 September 2022, administrative expenses primarily consist of directors' emoluments, other staff costs and benefits, depreciation, legal and professional fee and other general office expenses, which were approximately HK$13,315,000. The increase was mainly due to the increase in staff costs as a result of the increase in average number of staff during the six months ended 30 September 2022, and the increase in land and property taxes of the investment properties in the PRC.

Share of Results of Associates

For the six months ended 30 September 2022, share of losses of associates was approximately HK$7,081,000 which were mainly due to the depreciation of property, plant and equipment and amortization of water procurement permit of the associate in Guangxi. The increase in loss was mainly due to the revenue of the associates adversely affected by the COVID-19 pandemic.

Profit for the Period

For the six months ended 30 September 2022, the Remaining Group recorded loss for the period of approximately HK$16,563,000. The turnaround from profit to loss was mainly due to (i) decrease in other gains; (ii) increase in other losses; and (iii) increase in administrative expenses as set out above.

BUSINESS REVIEW

The Remaining Group continuously focuses on its core businesses in water business, property development and property investment business. Since the early 2020, in response to the COVID-19 pandemic, the PRC government authorities imposed travel restrictions for a long period of time and implemented varying degrees of movement controls in certain regions. These precautionary measures adversely affected our core businesses and caused unforeseen delays in our investment and development. The Company is proactively taking actions to mitigate the adverse impacts of the COVID-19 pandemic on the Remaining Group.

Water Business

The Remaining Group recorded a loss from water business segment of approximately HK$3,097,000 for the six months ended 30 September 2022. The turnaround from profit to loss from water business segment was mainly due to the compensation payable by the minority shareholder of Good Union, a non wholly-owned subsidiary of the Company, relating to the production volume guarantee of the water mining business in Hunan for the year not having been recognised in the six months ended 30 September 2022 as the amount of compensation had not been agreed between the Remaining Group and the minority shareholder, in contrast with the compensation relating to the production volume guarantee for the years 2019 and 2020 having been recognised in the corresponding period in 2021.

Water Production and Sales

The Remaining Group holds 20% equity interests in Spring Water Ding Dong, which has a wholly-owned subsidiary in Guangxi, the Guangxi Spring Water Ding Dong. Guangxi Spring Water Ding Dong possesses a water procurement permit for production and sales of bottled water and is currently in operation in Guangxi.

During the six months ended 30 September 2022, the Remaining Group shared losses of associates of approximately HK$7,081,000, which were mainly due to the depreciation of property, plant and equipment and amortization of water procurement permit. The increase in loss was mainly due to the revenue of the associates adversely affected by the COVID-19 pandemic.

Water Mining

The Remaining Group holds 67% equity interests in Good Union which has a wholly-owned subsidiary in Hunan. It possesses a water mining licence for exploitation of mineral water in Hunan. The construction works of the production facilities has been suspended and delayed due to the outbreak of COVID-19 pandemic since January 2020. The construction works were resumed in the first half of 2021. However, due to the outbreak of the Omicron variant of the COVID-19 virus in the PRC since the beginning of 2022, the construction works have to be further delayed. The construction of the factory is expected to be completed by the end of 2022 and the production is expected to commence in around early 2023. However, there still exists uncertainties on future lock-down, travel restrictions requirements or control and testing measures that may be imposed by the government from time to time. As at 30 September 2022, the basic infrastructure of the factory has been completed and the surrounding facilities are under construction.

On 27 August 2021, the former minority shareholder of Good Union, Mr. Lam Chun Ho disposed of his 33% shareholding in Good Union to an independent third party. The Company continues to hold 67% shareholding in Good Union. The new minority shareholder of Good Union has agreed to assume all the liabilities and commitments of Mr. Lam Chun Ho. The new minority shareholder of Good Union has also agreed and fulfilled certain compensation obligations of Mr. Lam Chun Ho. The compensation relating to the failure to fulfil the production volume guarantee of the water mining business in Hunan for the years 2019 and 2020 of approximately HK$26,338,000 was mutually agreed between the new minority shareholder and the Remaining Group. As of 28 November 2022 (i.e. the date of the interim report for the six months ended 30 September 2022), the new minority shareholder has paid approximately HK$14.7 million to the Remaining Group and expects to pay the balance of the compensation amount by the end of 2022. The Remaining Group is maintaining communication with the new minority shareholder which has responded that their business in the PRC has been affected by the government policies and restrictions relating to pandemic control measures which resulted in the delay in settlement of the entire compensation amount.

The production volume guarantee of the year 2021 was not satisfied due to stringent precautionary measures for the COVID-19 pandemic and the delay in constructions works. For the compensation for the year 2021, the Remaining Group is still negotiating with the new minority shareholder.

The water mining licence expired on 3 May 2022 and the renewal application has been submitted in April 2022. Affected by the COVID-19 pandemic, the renewal procedures of the government authorities were delayed. The Xintian County Natural Resources Bureau*(新田縣自然資源局), Xintian County People's Government* (新田縣人民政府) and Yongzhou City Natural Resources and Planning Bureau* (永州市自然資源和規劃局) have issued letters agreeing the renewal of water mining licence. It is expected that the renewal procedures will be completed in the fourth quarter of 2022 and the delay of the renewal of water mining licence will not affect the construction and production plan of the factory in Hunan.

PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT BUSINESS

The Remaining Group recorded a loss from property development and investment segment of approximately HK$13,016,000 for the six months ended 30 September 2022. The turnaround from profit to loss was mainly due to (i) the currency exchange losses on the monetary assets and liabilities denominated in RMB resulting from the depreciation of RMB in the six months ended 30 September 2022, in contrast with the currency exchange gains on the corresponding monetary assets and liabilities resulting from the appreciation of RMB in the corresponding period in 2021; and (ii) the decrease in interest income relating to the termination of acquisition of properties located in Shenyang, the PRC as a substantial portion of the outstanding sum had been settled during the six months ended 30 September 2022.

* *For identification purpose only*

Property Development

Dalian Properties

An indirect wholly-owned subsidiary of the Company in Dalian, the PRC, Dalian Chuanghe, engages in the development of urban land for residential usage in Dalian and plans to develop 55 buildings with 21 buildings in the first phase ("**Phase I**") and 34 buildings in the second phase ("**Phase II**") at Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC*.

Phase l, named "Xin Tian Jia Yuan", was completed in March 2019 and recognised as the completed properties held for sale of the Remaining Group. There are 21 buildings completed in Phase I with total saleable area of approximately 42,540 square metres including 4 eight-storey apartments (小高層), 9 garden villas (洋房) and 8 garden houses (聯排別墅). Dalian Chuanghe commenced to hand over the properties to buyers in April 2019. For the six months ended 30 September 2022, approximately 501 square metres of the properties were handed over and revenue of approximately HK$4,059,000 was recorded. Up to 30 September 2022, an aggregate of approximately 80% of the total saleable area of Phase l have been handed over to the buyers. As at 30 September 2022, Dalian Chuanghe had sale contracts with aggregate contract amount of approximately RMB33,326,000 with gross saleable areas of around 4,500 square metres which would be handed over to buyers in the near future.

Phase II is recognised as the properties under development of the Remaining Group. The Remaining Group planned to develop 34 buildings with aggregate saleable area of approximately 69,000 square metres. The development of Phase II is in preliminary stage. Due to (i) the outbreak of the COVID-19 pandemic since the beginning of 2020; (ii) the slowdown of economic growth in the PRC; and (iii) the debt crisis of some of the property developers in the PRC since mid-2021, the development of Phase II has been delayed and rescheduled to late 2022 or early 2023.

On 27 January 2022, Dalian Chuanghe received an idle land decision from Dalian Municipal Bureau of Natural Resources* (大連市自然資源局), pursuant to which the land of Phase II was determined to be in idle condition. Therefore, for the land of Phase II, there is a risk being repossessed by the PRC government authorities without compensation. The management of Dalian Chuanghe is actively negotiating and communicating with the PRC government authorities to lift the decision of idle status and to avoid land repossession by the PRC government authorities without compensation.

* *For identification purpose only*

As at 30 September 2022, the legal title of the land of Phase II remained under the control of the Company despite the idle land decision. Up to 30 September 2022, no further action was taken by the PRC government authorities and the Company was not aware of any exact timeline of the repossession.

Regarding the development of Phase II, the risk of repossession of the land is only one of the factors to be considered by the Remaining Group. The Remaining Group also considers other factors, including but not limited to the current and the future market environment and sentiment, the costs and benefits in proceeding with the development of Phase II at this stage, the economic and other risks involved, the progress of sale of the remaining units in Phase I, the government policies, the other potential options available to the Remaining Group, etc.. The Remaining Group has also considered other potential options, such as sale of the land to third party or developing Phase II together with third party developers. The Remaining Group is still seeking for suitable investors or partners.

Beijing Properties

The Remaining Group entered into an acquisition agreement on 28 February 2017 to purchase (a) office premises with a gross floor area of 8,335 square metres and (b) underground car park with a gross floor area of 3,100 square metres located in Phrase III of 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 a consideration of approximately RMB220,000,000 (subject to adjustment).

As at 30 September 2022, the Remaining Group paid the consideration of RMB200,000,000 in accordance with the payment terms stated in the sale and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the execution of the pre-sale agreement between the vendor and the purchaser, an indirect wholly owned subsidiary of the Company and the building ownership certificate having been obtained by the purchaser. Due to the outbreak of the COVID-19 pandemic, the construction works were temporarily suspended for several times and the progress was significantly affected and delayed. In the second quarter of 2022, there was an outbreak of the COVID-19 pandemic in Beijing again, which further affected the construction progress. In June 2022, the Company received a letter from the vendor explaining the reasons of delay in construction works and requesting for a further extension of handover of the properties. Currently, the vendor has resumed the construction works and the construction is expected to be completed on or before 31 December 2022. The management will continue to follow up and take appropriate actions.

* *For identification purpose only*

Zhejiang Properties

The Remaining Group holds the land use rights in respect of an industrial land parcel with site area of approximately 31,950 square metres and a two-storey industrial building with a total gross floor area of approximately 45,330 square metres together with another land parcel with a total site area of approximately 74,960 square metres located at Chen Village, Shanghua Street, Lanxi City, Jinhua, Zhejiang Province, the PRC*.

The industrial lands and building are currently leased to tenants for rental income. The Remaining Group recorded rental income of approximately HK$4,988,000 for the six months ended 30 September 2022. During the six months ended 30 September 2022, some of the tenants did not renew the tenancy agreements as the Remaining Group understands that their business were affected by the continuation of the COVID-19 pandemic. Therefore, the rental income for the six months ended 30 September 2022 decreased. The management of the relevant subsidiary of the Remaining Group is actively soliciting new tenants to maintain higher occupancy rate.

Suzhou Properties

During the six months ended 30 September 2022, the Remaining Group acquired 100% equity interest of Shun Jie International Holdings Company Limited, which holds the land use rights in respect of several buildings with total construction area of approximately 14,798 square metres together with the land parcel with a total site area of approximately 20,841 square metres located in Suzhou. The acquisition has been completed on 27 May 2022.

The land and buildings are currently leased to tenants for rental income. For the six months ended 30 September 2022, the Remaining Group recorded rental and management fee income of approximately HK$11,319,000.

SIGNIFICANT INVESTMENTS

The Remaining Group had no material investments during the six months ended 30 September 2022.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for six months ended 30 September 2022.

* *For identification purpose only*

PLACING OF SHARES

On 29 July 2022, a total of 1,000,000,000 new shares of the Company had been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.03 per placing share under the general mandate granted to the Directors by ordinary resolution passed at the annual general meeting of the Company held on 17 August 2021. Upon the completion of the aforesaid placing of new shares, the total number of issued shares of the Company increased from 7,611,690,000 shares to 8,611,690,000 shares. Details of the placing of shares were set out in the announcements of the Company dated 5 July 2022 and 29 July 2022.

SHARE CONSOLIDATION

On 1 September 2022, the Board proposed that every ten (10) shares in the issued and unissued share capital of the Company be consolidated into one (1) consolidated share (the "**Share Consolidation**"). The Share Consolidation was approved by the shareholders at the special general meeting of the Company held on 12 October 2022 and the same became effective on 14 October 2022.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2022, the Remaining Group's liquidity funds were primarily used to invest in the development of our property business and water business and for their operations and such funds were funded by a combination of capital contribution by shareholders, short-term borrowing from independent third party as well as cash generated from operation.

As at 30 September 2022, the borrowing of the Group comprised the loan from third party of approximately HK$4,423,000 and HK$5,086,000, which are interest bearing at 8% and 10% respectively, repayable on demand and denominated in RMB.

As at 30 September 2022, the Remaining Group had total assets of approximately HK$1,738,524,000 which was financed by current liabilities of approximately HK$152,158,000, non-controlling interests of approximately HK$86,948,000 and the shareholder's equity of approximately HK$1,430,043,000.

As at 30 September 2022, the Remaining Group's current ratio was approximately 1.96. Current ratio is calculated based on current assets divided by current liabilities.

As at 30 September 2022, the gearing ratio of the Remaining Group was approximately 0.007. Gearing ratio is calculated based on total borrowings divided by total equity.

MATERIAL ACQUISITIONS OR DISPOSALS

Acquisition

On 31 January 2022, the Remaining Group entered into a sale and purchase agreement to acquire 100% of the issued share capital of, and the shareholder's loan advanced to, Shun Jie International Holdings Company Limited at a consideration of RMB376,000,000. Its indirect wholly-owned subsidiary, Suzhou Menglian Nanting Cultural Development Company Limited* (蘇州蒙戀南庭文化發展有限公司) holds, inter alia, several buildings located at 6 Waiwujingnong, Suzhou, Jiangsu, the PRC* (中國江蘇省蘇州市外五涇弄6號), which are currently leased to tenants for rental income. The acquisition was completed on 27 May 2022. The acquisition constituted a major transaction under the Listing Rules. Details of the acquisition are set out in the announcements of the Company dated 31 January 2022 and 27 May 2022, and the circular of the Company dated 28 March 2022.

Save as disclosed above, the Remaining Group has no other material acquisition during the six months ended 30 September 2022.

Disposal

The Remaining Group has no material disposal during the six months ended 30 September 2022.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Remaining Group is mainly exposed to fluctuation in the exchanges rate of RMB, arising from relevant group entities' monetary assets and liabilities denominated in foreign currency for the Remaining Group's operating activities. The Remaining Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management closely monitors the relevant foreign currency exposure from time to time and will consider hedging significant foreign currency exposures should the need arise.

* *For identification purpose only*

EMPLOYEE AND REMUNERATION POLICY

The Remaining Group has a total of approximately 49 employees in Hong Kong and the PRC as at 30 September 2022. The total staff costs (staff salaries, directors' emoluments and other staff costs) for the six months ended 30 September 2022 amounted to approximately HK$4,715,000. Remuneration packages are generally structured according to market environment and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Remaining Group also provides medical benefits and subsidizes employees in various training and continuous education programs.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2022, the Remaining Group had capital commitments of approximately HK$153,034,000 for acquisition of investment properties, property development expenditure and construction in-progress for water exploitation activities in Hunan.

FINANCIAL GUARANTEE CONTRACTS

As at 30 September 2022, Dalian Chuanghe provided corporate guarantees to third parties amounting to approximately RMB100,000,000, details of which are set forth in note 25 to the consolidated financial statements of the interim report of the Company for the six months ended 30 September 2022.

CHARGES ON REMAINING GROUP ASSETS

The Remaining Group did not have any charges over its assets as at 30 September 2022.

AMENDMENTS TO THE BYE-LAWS

In order to comply with the core standards for shareholder protections as set out in Appendix 3 of the Listing Rules, the Company has adopted the amended and restated bye-laws at the annual general meeting held on 28 September 2022.

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23 June 2023

Asia Resources Holdings Limited
Unit 2601, 26/F
West Tower, Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

Dear Sir or Madam,

RE: BUSINESS VALUATION OF FAIR VALUE OF 100% EQUITY INTEREST IN CENTURY STRONG LIMITED

We, AP Appraisal Limited ("**APAL**"), refer to the instructions from Asia Resources Holdings Limited (the "**Instructing Party**" or the "**Company**") to conduct a valuation (the "**Valuation**") of the Fair Value of 100% equity interests (the "**Equity Interests**") of Century Strong Limited (the "**Target Company**") as of 31 March 2023 (the "**Valuation Date**").

PURPOSE OF VALUATION

For the purpose of preparing the valuation of the Equity Interests of the Target Company for circular purpose on the Stock Exchange of Hong Kong (the "**HKEx**") only, we observe and follow the definitions and standards laid down by the Hong Kong Financial Reporting Standards, the RICS Valuation Standards, and the International Valuation Standards.

PREMISE OF VALUATION & BASIS OF VALUATION

Our valuation is based on going concern premise and conducted on a Fair Value basis. Fair Value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Our valuation has been prepared in accordance with the International Valuation Standards on business valuation published by International Valuation Standards Council. This standard contains guideline on the basis and valuation approaches used in business valuation.

For the property held by the Target Company (the "**Property**"), our valuation is prepared in accordance with the International Valuation Standards published by International Valuation Standards Council, the RICS Valuation – Professional Standard issued by the Royal Institution of Chartered Surveyors, and the Hong Kong Stock Exchange Listing Rule Chapter 5 and Practice Note 12. The value of the Property is our opinion of Market Value which is defined by the International Valuation Standards to mean "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."

BACKGROUND OF THE TARGET COMPANY AND THE DEVELOPMENT PROJECT

The Target Company is a company incorporated in the British Virgin Islands with limited liability. The Target Company directly wholly owns Skyfair Investment Ltd[1] (a company incorporated in Hong Kong with limited liability) and indirect wholly-owned three companies incorporated in the PRC with limited liability, namely Shengyi Information Consulting (Shenzhen) Co., Ltd[2], Asia Enterprise Management (Shenzhen) Co., Ltd[3] and Shenzhen Dingshengguan Industrial Development Co., Ltd[4].

The Target Company and its subsidiaries (collectively, the "**Group**") are principally engaged in property investment. During 2014 and 2015, the Group acquired certain properties of the Jinma Innovation Industrial Park[5] (formerly known as the "**Jinma Information Logistics Park**") ("**Jinma Innovation Industrial Park**" or the "**Industrial Park**") located at the No. 2 yard at the intersection of No. 3 Road and Shenyan Road in Yantian Free Trade Zone Logistics Park, Yantian District, Shenzhen, the PRC. As of the Valuation Date, the Group has obtained substantial ownership of the Property, however the title registration and title certificate of the Property are pending approval by the PRC government authorities.

1 For illustration purpose only. Official Chinese name "僑輝投資有限公司"
2 For illustration purpose only. Official Chinese name "晟奕信息諮詢（深圳）有限公司"
3 For illustration purpose only. Official Chinese name "亞洲企業管理（深圳）有限公司"
4 For illustration purpose only. Official Chinese name "深圳市鼎晟冠實業發展有限公司"
5 For illustration purpose only. Official Chinese name "金馬創新產業園"

SOURCES OF INFORMATION

Our investigation covers the discussion with the Instructing Party and the Target Company's representatives, collecting the information of the Target Company's history, operations and prospects of the business. We also take the industry trend and relevant law requirements into consideration. We requested detailed information about the Target Company's position in order to conduct a detailed review and make an impartial and independent valuation of the Target Company's position/value.

Sources of information utilized in our analysis included but not limited to the following:

- Consolidated Management Account of the Target Company as of 31 March 2023;
- Breakdown of assets and liabilities of the Target Company as of 31 March 2023; and
- Land and Property certificates of the Properties the Target Company currently holds as of the Valuation Date.

We assume that the data obtained in the course of the valuation, along with the opinions and representations provided to us by the Instructing Party, the Target Company or his agent(s) are prepared in reasonably care. Besides, we also assume that the financial and other information provided to us by the Instructing Party and others is accurate and complete, and we have relied upon this information in performing our assessment.

The factors also considered in this valuation included, but were not limited to, the following:

- The nature and history of the Target Company;
- The financial conditions of the Target Company;
- The economic condition and the industry outlook in general; and
- The specific economic environment and competition for the Target Company.

VALUATION METHODOLOGIES

There are three generally accepted valuation approaches in business valuation.

Asset Approach

The asset approach determines a Fair Value indication of a business, business ownership interest, security, or intangible asset by using one or more methods based on the value of the assets net of liabilities. Value is established based on the cost of reproducing or replacing the Property, less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable.

Market Approach

The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative.

Income Approach

The income approach is the present worth of the future economic benefits of ownership. This approach is generally applied to an aggregation of assets that consists of all assets of a business enterprise including working capital and tangible and intangible assets.

Selection of Valuation Methodology

We considered that the income approach is not an adequate approach for the valuation because this involves a lot of assumptions and estimates while not all of the assumptions and estimates can be easily quantified or reliably measured, and there is no sufficient information to allow detailed planning for reliable positive profit or cash-flow projections. We also considered that the market approach is not applicable for the valuation, as there are insufficient comparable market transactions available for the derivation of the Fair Value of the Target Company.

Thus, we determined that the asset approach was the most appropriate valuation approach to value the 100% equity interests of the Target Company. The adjusted net assets value method under the asset approach is applied in the valuation.

VALUATION OF ASSETS AND LIABILITIES

As part of our analysis, we are furnished with information prepared by the Instructing Party and the Target Company including the unaudited financial statements and related information regarding the Target Company's assets and liabilities for the circular purpose. We have also assessed the value of the significant items of the unaudited financial statements of the Target Company, as provided by the Instructing Party, as of the Valuation Date, with details as follows:

Non-current assets

Leasehold improvement, Furniture, fixtures and equipment and Motor Vehicles

For the assessment of the Leasehold improvement, Furniture, fixtures and equipment and Motor Vehicles, there are no sufficient comparables (e.g., same models, same useful lives, same state) available on the market which can make reasonable and meaningful conclusion. Therefore, market approach is not adopted. Further, it is difficult to make valid and feasible financial forecast in these asset items, as they cannot display meaningful revenue growth or other growth potentials. Therefore, income approach is also not adopted.

The Depreciated Replacement Cost Method under the asset approach is adopted. It is a method that indicates value by calculating the cost of a similar asset offering equivalent utility. Generally, replacement cost is the cost that is relevant to determining the price that a market participant would pay as it is based on replicating the utility of the asset, not the exact physical properties of the asset. Usually, replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. The key steps in the depreciated replacement cost method are: (a) calculate all of the costs that would be incurred by a typical market participant seeking to create an asset providing equivalent utility, (b) determine whether there is any deprecation related to physical, functional and external obsolescence associated with the subject asset, and (c) deduct total deprecation from the total costs to arrive at a value for the subject asset. The Depreciated Replacement Cost formula is:

Depreciated Replacement Cost = Market Value - Accumulated depreciation

where:

Market Value: the market price of the replacement asset

Accumulated depreciation: the total depreciation expense which needs to deduct from a new asset to ensure its future benefit is the same as the current asset. New acquired assets will have a full economic benefit, so we need to deduct the accumulated depreciation to deduct its future economic benefit to the same level.

The replacement cost is generally that of a modern equivalent asset, which is one that provides similar function and equivalent utility to the asset being valued, but which is of a current design and constructed or made using current cost-effective materials and techniques.

The brief computation process of the Leasehold Improvement is presented in the table below.

Item	**Market Value**	**Accumulated Depreciation**	**Fair Value**
	31/3/2023	**31/3/2023**	**31/3/2023**
	RMB	*RMB*	*RMB*
Leasehold Improvement	692,577	(692,577)	–

The brief computation process of the Furniture, fixtures and equipment is presented in the table below.

Item	**Market Value**	**Accumulated Depreciation**	**Fair Value**
	31/3/2023	**31/3/2023**	**31/3/2023**
	RMB	*RMB*	*RMB*
Office Equipment	576,895	(477,981)	98,914
Electronic Equipment	486,391	(471,799)	14,592
Desktop Computer	19,996	(18,996)	1,000
Total:			**114,505**

The brief computation process of the Motor Vehicle is presented in the table below.

Item	Market Value 31/3/2023 *RMB*	Accumulated Depreciation 31/3/2023 *RMB*	Fair Value 31/3/2023 *RMB*
Motor Vehicle	75,407	(27,907)	47,500

Deposits for acquisition of property, plant and equipment (the "Asset")

For the valuation of the Asset, we used different methods to calculate the Fair Value of the asset. The Asset includes the deposit paid for the acquisition of the (1) Property, (2) naming right and (3) advertising right of the Property.

(1) Property

According to the International Valuation Standard, the market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. When reliable, verifiable and relevant market information is available, the market approach is the preferred valuation approach. Therefore, market approach is adopted in the valuation as we found reliable, verifiable and relevant market information is available. As we have found sufficient comparables to represent the Market Value as of the Valuation Date, the Direct comparison Method under the Market approach is adopted on the assessment of the Property.

The Direct Comparison Method measures the value of an asset by comparing recent sales or offerings data of similar or substitute property and related market data to the business being valued. The derived data are then adjusted and applied to the appropriate operating data of the subject asset to arrive at an indication of value. The key steps in the comparable transactions method are: (a) identify the units of comparison that are used by participants in the relevant market, (b) identify the relevant comparable transactions and calculate the key valuation metrics for those transactions, (c) perform a consistent comparative analysis of qualitative and quantitative similarities and differences between the comparable assets and the subject asset, (d) make necessary adjustments, if any, to the valuation metrics to reflect differences between the subject asset and the comparable assets, (e) apply the adjusted valuation metrics to the subject asset, and (f) if multiple valuation metrics were used, reconcile the indications of value.

The list of market comparables and the derived adopted rate are listed at Appendix VI Property Valuation Report.

The brief computation process of the Property is presented in the table below.

Use	**Unit rate (RMB)(A)**	**GFA* (sq.m.)(B)**	**Market Value (A x B)**
Office	10,400	14,125.03	146,900,312
Industrial	3,000	4,957.51	14,872,530
Total		19,082.54	161,772,842
Total (rounded)			**162,000,000**

* GFA - Gross Floor Area is the area contained within the outer surface of external walls of a building measured at each floor level

As of the Valuation date, the Market Value of the Property is RMB162,000,000.

(2) Naming right of the Property ("the naming right")

For the assessment of the naming right, as it is difficult to develop an accurate financial forecast due to the uncertainty and high degree of fluctuation in property market, income approach is not adopted. Also, as asset approach cannot reflect future income, it is not adopted. Market Approach is the most preferrable and generally accepted Approach when adequate comparables are available. For these asset items, we have found sufficient comparables to represent the Market Value of them at current state as of the Valuation Date. Therefore, Direct Comparison Method under the Market approach is adopted on the assessment of the naming right.

The Direct Comparison Method measures the value of an asset by comparing recent sales or offerings data of similar or substitute property and related market data to the business being valued. The derived data are then adjusted and applied to the appropriate operating data of the subject asset to arrive at an indication of value. The key steps in the comparable transactions method include: (a) identify the units of comparison that are used by participants in the relevant market, (b) identify the relevant comparable transactions and calculate the key valuation metrics for those transactions, (c) perform a consistent comparative analysis of qualitative and quantitative similarities and differences between the comparable assets and the subject asset, (d) make necessary adjustments, if any, to the valuation metrics to reflect differences between the subject asset and the comparable assets, (e) apply the adjusted valuation metrics to the subject asset, and (f) if multiple valuation metrics were used, reconcile the indications of value.

The most important parameters of the Property where the subject naming right is located at are:

1. The Property is located in the Guangdong Province, therefore market comparables situated at the Guangdong Province are selected;

2. As the subject Property's usage is office/industrial, market comparables are selected based on the same or similar usage;

3. Public information is useful for the derivation of value and private information that is not accessible cannot derive useful results;

4. The total GFA of the subject Property is 69,278.54 sq.m., and market comparables with the same or similar condition should be selected;

5. As the value of the naming right is directly correlated to the market value of the Property and the valid period of property valuation is 3 months, we have selected comparables with asking date/transaction date within 3 months as one of the selection criteria. Choosing market comparables with asking dates close to the Valuation Date can also better reflect the recent market condition in the property market.

Among the most important parameters which affect the Fair Value of the naming right, we have selected the market comparables based on the following selection criteria:

1. The market comparables with naming rights are located in the Guangdong Province, the PRC

2. The market comparables with naming rights are having the same usage/proposed usage as the Property, i.e., for office or industrial use

3. The information of the transaction price, asking price, GFA, usage and related information are available publicly

4. The GFA of the market comparables is between 2,000 sq.m. to 70,000 sq.m.

5. The asking date/transaction date is within 3 months from Valuation Date

With the above criteria, we believe the selection of the market comparables in this Valuation is exhaustive and comparable to the naming right of the Property.

List of market comparables and the derived adopted rate are listed in the table below.

#	Name of property	Location	Usage	Asking date	Subject ask price (with naming right) *RMB million*	Subject GFA (sq.m.)	Unit Price (with naming right) *RMB/sq.m.*	Ask discount	Adopted unit price (with naming right) *RMB/sq.m.*	Unit Price (without naming right) *RMB/sq.m.*	Premium (%) paid over buildings without naming right
1	Guo Mei Zhi Hui Cheng (國美智慧城)	Pa Zhou Chi Gang (琶洲赤崗)	Office	Asking in March 2023	840	20,000	42,000	–10%	37,800	41,000	–7.8%
2	Bao Li Tian Hui (保利天匯)	No. 110 Da Guan Zhong Lu (大觀中路110號)	Office	Asking in March 2023	95	3,800	25,000	–10%	22,500	22,300	0.9%
3	Bao Li Tian Hui (保利天匯)	No. 110 Da Guan Zhong Lu (大觀中路110號)	Office	Asking in March 2023	70	2,000	35,000	–10%	31,500	22,300	41.3%
										Average	11.4%
										Median	0.9%
										Adopted	1.00%

We have assumed that the naming right will be valid and existing until the expiry date. We have assumed that the naming right would not be re-possessed, transferred or redirected to other parties under the current state until the expiry date. The table below summarizes the key inputs adopted in the valuation of the naming right.

Use	**Unit rate (RMB)**	**GFA (sq.m.)**
Office portion held by Target Company	10,400	14,125.03
Industrial portion held by Target Company	3,000	4,957.51
Remaining industrial portion not held by Target Company	3,000	50,196.00
Total		69,278.54
Premium paid over naming right		**1.00%**

Note: The total GFA of the Industrial Park is 69,278.54 sq.m. As of the Valuation Date, the Target Company holds a GFA of 19,082.54 sq.m. where the Property is located in the Industrial Park (i.e., 14,125.03 sq.m. (for office use) + 4,957.51 sq.m.(for industrial use)). The other parties hold the remaining portion of the GFA (50,196 sq.m.) in the Industrial Park.

The computation process of the naming right is presented in the table below.

Use	Unit rate (RMB)(A)	GFA (sq.m.)(B)	Market Value (RMB) (A x B)
Office	10,400	14,125.03	146,900,312
Industrial	3,000	4,957.51	14,872,530
Remaining portion not held by Target Company	3,000	50,196.00	150,588,060
Total (C)		69,278.54	312,360,902
Premium paid over naming right (D)			1.00%
Fair Value of Naming right (C x D)			3,130,000
Fair Value of Naming right (rounded)			**3,200,000**

As of the Valuation Date, the Fair Value of the naming right is RMB3,200,000.

(3) Advertising right of the Property (the "advertising right")

The advertising right is an intangible asset. The advertising right implies the Company can rent the advertising boards located on the sides of the Property to external parties, in exchange for rental income each month. This provides a relatively stable and accessible cashflow to the Company, and can be used for the development of a cashflow forecast.

As there are no sufficient market comparables available on the open market, market approach is not adopted. Also, as asset approach cannot reflect future income, it is not adopted. We believe it is suitable and reasonable to calculate the Fair Value of this cash generating unit solely based on the growth potential it displays over the forecast period. Further, as we believe the advertising right is generating revenue to the Target Company continuously, the Discounted Cash-flow Method under Income Approach is adopted in this valuation.

The Discounted Cash-Flow ("**DCF**") Method is premised on the concept that the value is based on the present value of all future benefits that flow to the shareholder by applying an appropriate discount rate. These future benefits consist of current income distributions, appreciation in the property, or a combination of both. In essence, this valuation method requires a forecast to be made of cash-flow, going out far enough into the future until an assumed stabilization occurs for the assets being appraised. This methodology assumes that the forecasted income/cash-flow will not necessarily be stable in the near term but will stabilize in the future.

The key steps in the DCF method are: (a) choose the most appropriate type of cash flow for the nature of the subject asset and the assignment (i.e. gross or net, pre-tax or post-tax, total cash flows or cash flows to equity, real or nominal, etc), (b) determine the most appropriate explicit period, if any, over which the cash flow will be forecast, (c) prepare cash flow forecasts for that period, (d) determine whether a terminal value is appropriate for the subject asset at the end of the explicit forecast period and then determine the appropriate terminal value for the nature of the asset, (e) determine the appropriate discount rate, and (f) apply the discount rate to the forecasted future cash flow, including the terminal value, if any.

Cash-flow Forecast

We have performed our valuation based on the rental financial forecast of the Company provided by the management of the Company (the "Management"). We discussed with the Management regarding the relevant assumptions. The following assumptions were considered and adopted in the forecast, including but not limited to:

- The rental growth was estimated based on the Company's experience and future business plan;

- The cost expenses were estimated based on the Company's business plan;

- The occupancy rate of the advertising boards (70%) is regarded to be reasonable and achievable; and

- The adopted base rent is assumed to be fair and reasonable, and comparable to current advertising board listings in neighboring regions.

Discount Rate for the advertising right

First of all, the valuation subject, advertising right, is an intangible asset that will always worth much higher than the book value of the fixed asset itself, which is the advertising board. Second, advertising right is an intangible asset in nature, which would not be pledged or obtain financing from banks or other financial institutions easily, simply by applying a mortgage or borrowing rate. Last but not least, the Fair Value of an intangible asset are always derived from its future cashflow and benefits generated with that cash generating unit, which is similar to a business under a going concern basis. Therefore, both cost of equity and cost of debt should be considered and the Weight Average Cost of Capital (the "WACC") is adopted for the discount rate for the advertising right.

WACC is comprised of two components: cost of equity and cost of debt. The cost of equity was developed using Capital Asset Pricing Model (the "CAPM"). The CAPM states that an investor requires excess returns to compensate systematic risks and an efficient market provides no excess return for other risks.

WACC = We x Re + Wd x Rd x (1 – T)

Where:

Re	=	Cost of Equity
Rd	=	Cost of Debt
We	=	Weighting of Equity
Wd	=	Weighting of Debt
T	=	Tax

In determining the proper rate to discount the forecasted cash flows, we have identified relevant peer companies for the Company which are listed in the Shenzhen and Shanghai Stock Exchange.

Our selection criteria are:

1. Peer firms are engaged in outdoor advertising business, advertising media related business

2. Peer firms have positive net profit in the latest reporting period

3. Peer firms have market capitalization which are less than or equal to USD1.5 billion

4. Peer firms' shares are listed on the Shenzhen Stock Exchange and the Shanghai Stock Exchange

5. Peer firms' shares are actively traded in the Shenzhen Stock Exchange and the Shanghai Stock Exchange and information from a reliable source

Given the above selection criteria, we believe the market comparables selected are exhaustive.

Comparable companies used in this Valuation

#	Name of company	Ticker	Company description
1	Chengdu B-ray Media Co., Ltd.	600880.SH	Chengdu B-ray Media Co.,Ltd. is mainly engaged in traditional media business, outdoor advertising business, new media business and financial business. Traditional media business includes printing, issuing and delivery, newspaper advertising and related business. Outdoor advertising business includes various types of outdoor advertising, such as city surrounding highway advertising, square advertising and bus stop advertising boards, as well as agent advertising business. New media business includes the development and operation of online games. Financial business includes small loan and guarantee financing services. The company also involves in the provision of education, property rental and management and other services through its subsidiaries.
2	Beijing Bashi Media Co., Ltd.	600386.SH	BEIJING BASHI MEDIA CO., LTD. is a China-based company, principally engaged automobile services and advertising media businesses. The company provides automobile services, including the operation of automobile sale, spare parts, service and survey (4S) shops, and the provision of driver training services, automobile leasing services and scrappage service. The company operates its businesses primarily in domestic markets, with Beijing as its major market.

#	Name of company	Ticker	Company description
3	FS Development Investment Holdings	300071.SZ	FS Development Investment Holdings, formerly Spearhead Integrated Marketing Communication Group, is a China-based company principally engaged in the provision of marketing services. The company primarily provides experimental marketing, public relation advertising, digital marketing, content marketing and big data marketing services. The company provides marketing services to electronics and information technology (IT), fast moving consumer goods, automobile, energy, financial services, communications and pharmaceutical industries. The company operates its business in domestic market, with Beijing and Shanghai as its main markets.
4	Guangdong Advertising Group Co., Ltd.	002400.SZ	GUANGDONG ADVERTISING GROUP CO., LTD., formerly GUANGDONG ADVERTISING CO., LTD. is an integrated advertising company. The company operates its businesses primarily through brand management, which provides brand strategy, brand planning, corporate identity system (CIS) design, brand diagnostic, advertising planning, innovation, design and production, market survey, marketing strategy and packaging, shopping mall terminal design, as well as promotion, exhibition and public relation activities, among others; traditional media agency business, which includes the establishment of media strategy, media innovation and media placement plans, as well as proprietary media business, which includes the operation of bus station billboards, bus advertising and outdoor billboard in Guangdong province, China. It also engages in the digital marketing, the public relation and magazine issuing. It operates its businesses primarily in domestic markets.

#	Name of company	Ticker	Company description
5	Simei Media Co., Ltd.	002712.SZ	Simei Media Co.,Ltd. is a China-based integrated service advertising company. The company is principally engaged in television advertising, content and content marketing, the Internet advertising, outdoor advertising, brand management and other advertising businesses. Other advertising business includes radio, magazines, newspaper and other advertising businesses, as well as strategic research services. The company operates its business in domestic market.

Below is the summary of the key parameters of the WACC of the advertising right adopted as of the Valuation Date:

		Key Parameters as of 31 March 2023
(a)	Risk-free rate	2.85%
(b)	Market return	9.95%
(c)	Beta coefficient	2.004
(d)	Size Premium	9.00%
(e)	Company specific premium	5.00%
(f)	Cost of equity	31.08%
(g)	Cost of debt	3.23%
(h)	Weight of Equity Value to Enterprise Value	48.00%
(i)	Weight of Debt Value to Enterprise Value	52.00%
(j)	Corporate tax rate	25.00%
	WACC (rounded)	**17.00%**

Notes:

(a) The risk-free rate adopted was the yield rate of China's 10-year government bond as of the Valuation Date

(b) The market return adopted was based on the equity risk premium data for China on Damodaran Online

(c) The beta coefficient adopted was based on the median adjusted beta of the abovementioned comparable companies as extracted from the Refinitiv database of Thomson Reuters

(d) The size premium adopted was the premium for micro-cap 10th decile companies with reference to the size premium study published by Duff & Phelps, LLC

(e) The other risk premium adopted was to reflect the company specific risk of the advertising right, such as the uncertainty of customers and seasonality; political risk due to PRC regulations or policies being applied to the industry, which is subject to Valuer's experience and professional judgment

(f) The cost of equity was determined based on CAPM

(g) The cost of debt adopted was the after-tax 5-year loan prime rate in China

(h) The weight of equity value to enterprise value adopted was derived from the median debt-to-equity ratio of the abovementioned comparable companies as of the Valuation Date

(i) The weight of debt value to enterprise value adopted was derived from the median debt-to equity ratio of the abovementioned comparable companies as of the Valuation Date

(j) The corporate tax rate adopted was the 2023 PRC corporate tax rate

We adopted the WACC of 17.00% as the discount rate of the advertising right for the valuation as of the Valuation Date.

We have assumed that there are no material errors in the Target Company's accounting records as of the Valuation Date, and the Target Company will be able to complete the stated financial projections and the proof of such right has been obtained. We have assumed that the advertising right will be valid and existing until the expiry date. We have assumed that the advertising right would not be re-possessed, transferred or redirected to other parties under the current state until the expiry date. The key inputs adopted in the valuation of the advertising right is presented in table below.

GFA (sq.m.)	**336.36**
Base rent (RMB)	520.00
Income tax	25.00%
Discount rate	17.00%
Growth on rental income	3.00%
Management expenses	4.00%
Repairs and maintenance	3.00%
Business tax	5.50%
Marketing expenses	2.00%
Contingent expenses	3.00%
Occupancy rate	70.00%

The computation process of the advertising right is presented in the table below.

Financial forecast		31/12/2023 Year1	31/12/2024 Year 2	31/12/2025 Year 3	31/12/2026 Year 4	31/12/2027 Year 5	Terminal
Rental Income	3.00%	1,101,915	1,513,297	1,558,696	1,605,457	1,653,621	1,703,229
Total Revenue		1,101,915	1,513,297	1,558,696	1,605,457	1,653,621	1,703,229
Management Expenses	4.00%	44,077	60,532	62,348	64,218	66,145	68,129
Repairs & Maintenance	3.00%	33,057	45,399	46,761	48,164	49,609	51,097
Business Tax	5.50%	60,605	83,231	85,728	88,300	90,949	93,678
Marketing Expenses	2.00%	22,038	30,266	31,174	32,109	33,072	34,065
Contingent Expenses	3.00%	33,057	45,399	46,761	48,164	49,609	51,097
Total Expenses		192,835	264,827	272,772	280,955	289,384	298,065
Profit before tax		909,080	1,248,470	1,285,924	1,324,502	1,364,237	1,405,164
Income Tax	25.00%	(227,270)	(312,118)	(321,481)	(331,125)	(341,059)	(351,291)
Profit after tax		681,810	936,353	964,443	993,376	1,023,178	1,053,873
Discount Term (yr)		0.38	1.25	2.25	3.25	4.25	5.25
Discounting Factor (discount rate)	17.00%	0.94	0.82	0.70	0.60	0.51	0.44
Present Value (PV) of CF at current base		642,826	769,497	677,421	596,362	525,002	462,181
NPM		61.88%	61.88%	61.88%	61.88%	61.88%	61.88%
Terminal Value (TV)		¥7,352,265					
PV of TV		¥3,224,374					
Fair Value of the Advertising right		¥6,897,664					
Fair Value of the Advertising right (Rounded)		¥6,800,000					

As of the Valuation Date, the Fair Value of the advertising right is RMB6,800,000.

Deposits for acquisition of property, plant and equipment is a deposit paid in instalments in relation to relevant contracts of the Property, advertising right and naming right. In respect of the acquisition of the Property, naming right and advertising right, some of the acquisition proceeds of the Target Company and its subsidiaries, such amount should be settled upon completion of the acquisition. As of the Valuation Date, the outstanding balance in relation to the acquisition of the Property, the advertising right and the naming right are RMB16,779,625, RMB450,000 and RMB1,546,768, respectively, which arrives at an unsettled balance amounting to a total amount of RMB18,776,393 (the "**unsettled balance**").

We have adopted the Direct Comparison Method under the market approach to assess the Market Value of the Property as of the Valuation Date. We have adopted the Direct Comparison Method under the market approach to assess the Fair Value of the naming right as of the Valuation Date. The advertising right is being assessed by the discounted cash flow method under the income approach to arrive at its Fair Value as of the Valuation Date.

The Fair Value of the Asset is calculated using the following formula: Market Value of the Property (RMB162,000,000) + Fair Value of the naming right (RMB3,200,000) + Fair Value of the advertising right (RMB6,800,000) – the unsettled balance (RMB18,776,393) = RMB153,223,607

As such, after calculation using the above formula, the Fair Value of the Asset is RMB153,223,607 as of the Valuation Date.

Current assets

Cash and cash equivalents

For the valuation of cash and cash equivalents, we have adopted the book value of the cash and bank balances as the Fair Value as of the Valuation Date. We have assumed that there are no material errors in the Target Company's accounting records as of the Valuation Date.

Other receivables

It is a generally accepted and an appropriate method to adopt the Expected Credit Loss Model ("**ECL model**") on the Target Company's existing receivables, given certain credit risks displayed in them. The ECL model is a three-stage model which classifies receivables into 12-month Expected Credit Loss ("**ECL**") or lifetime ECL depending on whether there was a significant increase in credit risk. After the classification, the receivables are then further distinguished as different credit rating class base on their creditability. Respective default rates and recovery rates are then selected based on the overdue days. A forward-looking factor which takes macro-economic information into account is also stipulated and included in the calculation. Finally, the calculated loss provision amount is discounted to its present value as of the Valuation Date using the cost of borrowing of the country/region. The key inputs adopted in the valuation of the other receivables is presented in the table below.

Forward looking factor	41.00%
Probability of default (Pd)	100%
Credit rating	Caa-C
Recovery rate	38.40% to 38.43%
Discount rate	4.30%

Note: Pd is the likelihood that over a specific period, usually one year, a borrower will not be able to make their scheduled repayments on a particular debt

The companies which are owing the Company as of the Valuation Date (the other receivables) are private companies which financial statements are not publicly available and accessible by both the Company and Valuer. The Valuer has assumed the lowest credit rating of Caa-C under the Moody's rating scale due to industry practice and prudent reason.

We have assumed the other receivables to have a credit rating of Caa-C under the Moody's rating scale. Moody's is a widely recognized and renowned global credit rating agencies. The computation process of the other receivables is presented in the table below.

								Discount rate(G)	4.30%	PRC lending prime rate (over 5 years)	
Name of receivables	OR Balance (RMB) (A)	Aging (Days) (B)	Account type	Credit rating	Pd (C)	Forward looking Adj (D)	Recovery Rate (E)	ECL ((A x C x (1+D) x (1+E)) (F)	Discount of ECL (F x G x A/365) (H)	TV (ECL) (F + H) (I)	Balance after ECL(A - I)
Zong He Shun Hing Yanbao Logistics (Shenzhen) Co., Ltd (綜合信興鹽保物流(深圳)有限公司)	7,000,000	1,885	OR	Caa-C	100.00%	41.00%	38.43%	6,076,959	(1,349,501)	4,727,458	2,272,542
Jintian Industrial (Group) Co., Ltd 金田實業(集團)股份有限公司	25,470	1,520	OR	Caa-C	100.00%	41.00%	38.40%	22,122	(3,961)	18,161	7,309
Shenzhen Fanghong Industrial Development Co., Ltd 深圳市方虹實業發展有限公司	230	1,885	OR	Caa-C	100.00%	41.00%	38.43%	200	(44)	155	75
Total	**7,025,700**							**6,099,281**	**(1,353,507)**	**4,745,774**	**2,279,926**

Amount due from fellow subsidiaries

Based on discussion with the Management of the Target Company, we noted that with reference to the Agreement between the Company and the Buyer, the Company agreed to sell the shares (representing the entire share capital of the Target Company) and the shareholders' loan (which was belonged to the Company initially) to the Purchaser in accordance with the terms and conditions of the Agreement. After the completion of the Acquisition, such balance will be transferred from the Company to the Buyer. Therefore, this balance is not included in the calculation of the Fair Value of equity interest of the Target Company in this Valuation, and therefore is treated as nil value as of the Valuation Date.

Current liabilities

Amount due to Asia Resources Holdings Limited and fellow subsidiaries

Based on discussions with the Management of the Company, pursuant to the agreement between the Company and the Buyer, the Company agreed to sell the shares (representing the entire share capital of the target company) and the shareholders' loan originally belonging to the Company to the Purchaser in accordance with the terms and conditions of the Agreement. After the acquisition is completed, the balance will be transferred from the Company to the buyer. Therefore, the balance is not included in the calculation of the Fair Value of equity and therefore the balance is treated as zero at the Valuation Date.

The adjusted net asset values and the Fair Value of the Company as of the Valuation Date are calculated as follows:

		Consolidated	Fair Value Adjustment	Fair Value
Period ended		**31/3/2023**	**31/3/2023**	**31/3/2023**
		Book Value	*+/-*	*Fair Value*
		100.00%	*100.00%*	*100.00%*
Currency		*RMB*	*RMB*	*RMB*
Non-current Assets				
Leasehold improvement		692,577	(692,577)	–
Furniture, fixtures and equipment		114,505	–	114,505
Motor vehicles		75,407	(27,907)	47,500
Deposit for acquisition of property, plant and equipment		194,623,607	(41,400,000)	153,223,607
Total Non-current Assets		**195,506,096**	**(42,120,484)**	**153,385,612**
Current Assets				
Cash & cash equivalents		2,346,483	–	2,346,483
Other receivables, deposits and prepayments		7,025,700	(4,745,774)	2,279,926
Amount due from fellow subsidiaries		18,075,934	(18,075,934)	–
Total Current Assets		**27,448,117**	**(22,821,708)**	**4,626,409**
Total Assets		**222,954,213**	**(64,942,192)**	**158,012,021**
Current Liabilities				
Amount due to Asia Resources Holdings Limited		(311,514,751)	311,514,751	–
Taxes payable		(62)	–	(62)
Total Current Liabilities		**(311,514,813)**	**311,514,751**	**(62)**
Total Liabilities		**(311,514,813)**	**311,514,751**	**(62)**
Adjusted Net Asset Value		(88,560,600)	246,572,559	158,011,959
Fair Value of equity interest	**100%**			**158,011,959**
Fair Value for equity interest (rounded)	RMB			**158,000,000**

GENERAL VALUATION ASSUMPTIONS

Due to the changing environment in which the Target Company are in operation, a number of general valuation assumptions have to be established in order to sufficiently support our concluded opinion of values of the assets and liabilities held by the Company. The major general assumptions adopted in our valuations are:

- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the jurisdiction where the Company currently operate(s) or will operate which will materially affect the revenues attributable to the Company, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

- For the Company to continue as a going concern, the Company will successfully carry out all necessary activities for the development of its business;

- Market trends and conditions where the Company operate(s) will not deviate significantly from the economic forecasts in general;

- The unaudited financial statements of the Company as supplied to us have been prepared in a manner which truly and accurately reflect the financial position of the Company as of the respective balance sheet dates;

- Key management, competent personnel, and technical staff will all be retained to support ongoing operations of the Company;

- There will be no material changes in the business strategy of the Company and its operating structure;

- Interest rates and exchange rates in the localities for the operation of the Company will not differ materially from those presently prevailing;

- All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

- The major shareholder of the Company will support and provided interest-free financing for the current and future business of the Company (including but not limited to working capital needs).

GENERAL SERVICE CONDITIONS

The service(s) provided by APAL will be performed in accordance with professional appraisal standard. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy, of all data provided to us. We will act as an independent contractor and reserve the right to use subcontractors. All files, working papers or documents developed by us during the course of the engagement will be our property. We will retain this data for at least seven years.

This report and valuation shall be used only in its entirety and no part shall be used without making reference to the whole report. Our report is to be used only for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties who need to review the information contained herein. No one should rely on our report as a substitute for their own due diligence. Except for financial reporting and auditing purposes, no reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

The valuation may not be used in conjunction with any other valuation or study. The value conclusion(s) stated in this valuation is based on the program of utilization described in the report, and may not be separated into parts. No change of any item in any of the valuation shall be made by anyone other than APAL. We shall have no responsibility for any such unauthorized change.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subjects in connection with this engagement. You will not be liable for our negligence. Your obligation for indemnification and reimbursement shall extend to any controlling person of APAL, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the 3 times of the amount of fees we received for this engagement.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers.

Any decision to purchase, sell or transfer any interest in the Company shall be the owners' sole responsibility, as well as the structure to be utilized and the price to be accepted.

The selection of the price to be accepted requires consideration of factors beyond the information we will provide or have provided. An actual transaction involving the subject business might be concluded at a higher value or at a lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivations of the buyers and sellers at that time.

In all matters that may be potentially challenged by a Court or others, we do not take any responsibility for the degree of reasonableness of contrary positions that others may choose to take, nor for the costs or fees that may be incurred in the defense of our recommendations against such challenge(s). We will, however, retain our supporting work papers for your matter(s), and will be available to assist in active defense of our professional positions taken, at our then current rates, plus direct actual expenses and according to our then standard professional agreement.

LIMITING CONDITIONS

The primary assumptions and limiting conditions pertaining to the value estimate conclusion(s) stated in this report are summarized below. Other assumptions are cited elsewhere in this report.

- Unless otherwise stated in this report, the valuation of the business has not considered or incorporated the potential economic gain or loss resulting from contingent assets, liabilities or events existing as of the Valuation Date.

- The Management of the Company are assumed to be competent, and the ownership to be in responsible hands, unless otherwise noted in this report. The quality of the business management can have a direct effect on the viability and value of the business/asset being assessed.

- Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject business because of future country, provincial or local legislations/regulations, including any environmental or ecological matters or interpretations thereof.

- All facts and data set forth in our report are true and accurate to the best of our knowledge and belief. No investigation of legal fees or title of the business has been made, and the owner's claim to the business has been assumed valid. No consideration has been given to liens or encumbrances that may be against the business except as specifically stated (if any) in the auditors' report.

- During the course of the valuation, we have considered information provided by the Company and other third parties. We believe these sources to be reliable, but no further responsibility is assumed for their accuracy. We have had verbal conversations with the current Management of the Company concerning the past, present, and prospective operating results of the Company. We assume that there are no hidden or unexpected conditions associated with the businesses that might adversely affect the reported values.

- This valuation is based upon data, conditions, hypotheses and assumption stated herein and as presented to us by the Company and other third parties, upon which we relied.

- This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions. We have no responsibility or obligation to update this report for events or circumstances occurring subsequent to the Valuation Date.

CONCLUSION OF VALUE

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Instructing Party and/or APAL.

Based on the investigation and analysis stated above and on the method employed, we are of the opinion that the Fair Value of the 100% Equity interests of Century Strong Limited was reasonably stated as follows:

	Equity interest	**Fair Value (rounded)**
	%	*RMB ('000)*
Century Strong Limited	100	158,000

We hereby certify that we have neither present nor prospective interests in the Company, the Instructing Party or the value reported.

Yours faithfully,
For and on behalf of
AP Appraisal Limited

Paul Hung MRICS ASA
Director – Valuation & Advisory Services

Note: Mr. Hung is a Registered Surveyor of Royal Institution of Chartered Surveyors. He has over 10 year's valuation experience in the Greater China Region.

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23 June 2023

Asia Resources Holdings Limited
Room 2601, 26/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

Dear Sir or Madam,

RE: Valuation of a Land Parcel with 76 Units on Levels 2 to 9 of Block 1 and the entire of Block 2 of Jinma Creative Industry Park, located at Shenyan Road, Shenzhen City, Guangdong Province, the People's Republic of China

We, AP Appraisal Limited ("**APAL**"), refer to the instructions from Asia Resources Holdings Limited (the "**Instructing Party**") to conduct a valuation for captioned property (the "**Property**") located in the People's Republic of China (the "**PRC**"), details of which is set out in the attached valuation certificate. We confirm that we have carried our inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as of 31 March 2023 (the "**Valuation Date**") for circular purpose of the Hong Kong Stock Exchange (the "**HKEx Circular**").

Our valuation is our opinion of Market Value which is defined by the International Valuation Standards to mean "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation is prepared in accordance with the International Valuation Standards published from time to time by the International Valuation Standards Council.

Our valuation has been made on the assumption that the owner sell the property on the open markets without any benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

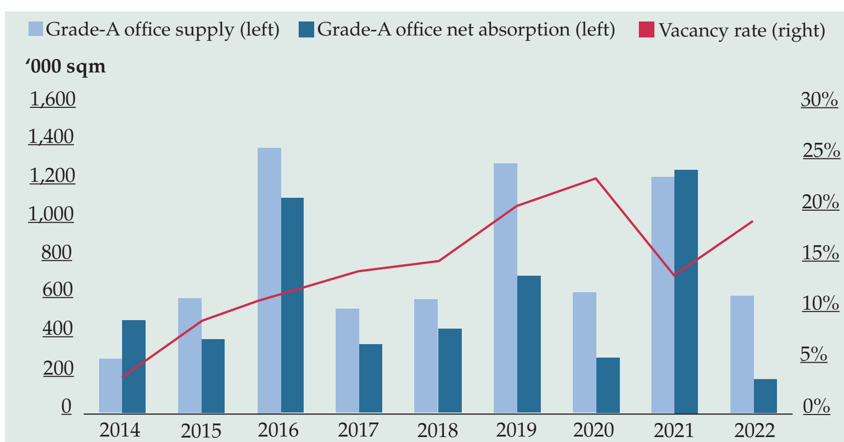
Unless otherwise stated, all property interests are valued by the Direct Comparison Method on the assumption that each property can be sold in their existing state with the benefit of vacant possession. The Comparison Method is based on prices realized in actual transactions and/or asking prices of comparable properties. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. Physical condition, location and economic characteristics are important criteria to be analysed when comparing to the Property.

It is the most preferrable and generally accepted approach in the assessment of the market value of properties, when adequate and representable comparables are available.

The property is located at Shenyan Road, Shenzhen City, Guangdong Province, the PRC. Land site area is approximately 23,847.51 sq.m., land use right of the property were granted for 50 years for storage use commencing on 30 June 2007.

In accordance with the "Shenzhen Office Market Report – Q4 2022" published by Knight Frank, supply drops quarter on quarter ("**QoQ**") in supplies, net absorption, rents and an increase in vacancy rates. The figure is shown below.

Supplies, net absorptions and vacancy rates in Shenzhen



Source: Shenzhen Office Market Report – Q4 2022, Knight Frank

In Q4 2022, rents in Shenzhen are observed to exhibit a continuation of a declining trend, down by 0.8% QoQ to RMB192.4/sq.m./mth. Rents in Shenzhen was on a downtrend since 2018, however, the annual decline has narrowed for three consecutive years. Therefore, the rent is expected to gradually stabilize.

In Q4 2022, annual supply was about 600,000 sq.m. with absorption only accounted to 180,000 sq.m., which is more than three times the supply and demand ratio. Hence, the vacancy rate pushed to 5.3% year-on-year to 18.8%. Additionally, the net absorption in 2022 was the lowest level in the past decade, only a quarter of that in 2019, before the epidemic. This shows the weak leasing demand in the year. The vacancy rate is expected to rise further.

It is expected that the supplies will be approximately similar to current level, net absorption to be increasing, rents to deplete further than current level and occupancy rate to be decreasing to a lower level in 2023.

In the course of our valuation for the property interests in the PRC, we have been provided with extracts from title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information given by the Instructing Party, in particular, but not limited to, planning approvals, development schemes and schedule, incurred and outstanding development costs, statutory notices, easements, tenancies, floor areas, gross floor areas, site area, construction cost, expected building completion date, etc. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party, which is material to the valuation. We were also advised by the Instructing Party that no material facts have been omitted from the information provided to us.

We have assumed that the site is free of elevated levels of contaminants. Our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the Properties. If a test is undertaken at some time in the future to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon before first consulting us to reassess any effect on the valuation.

We have commissioned a site visit on 27 March 2023 by our director, Mr. Paul Hung, who has over 10 years of relevant experience in property valuation in the Greater China region. We have assumed there are no encroachments by or on the property. We do not commission site investigations to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of property which may have redevelopment potential, we proceed on the basis that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems (unless stated otherwise).

Unless otherwise noted, we have assumed that the improvements are free of Asbestos and Hazardous Materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. We assume the site is free of subsoil asbestos and have made no allowance in our valuation for site remediation works. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the Property. If a test is undertaken at some time in the future to assess the degree, if any, of the presence of any asbestos/hazardous materials on site and this is found to be positive, this valuation must not be relied upon before first consulting us to reassess any effect on the valuation.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

The monetary amounts are stated in Renminbi (RMB). We enclose herewith our valuation certificate.

We hereby certify that we have neither present nor prospective interests in the Instructing Party or the value reported.

Yours faithfully,
For and on behalf of
AP Appraisal Limited

Paul Hung MRICS ASA
Director – Valuation & Advisory Services

Encl.

Note: Mr. Hung is a Registered Surveyor of Royal Institution of Chartered Surveyors. He has over 10 year's valuation experience in the Greater China Region.

VALUATION SUMMARY

Property	Description and Tenure	Details of Occupancy	Market Value in Existing State as of 31 March 2023
76 Units on Levels 2 to 9 of Block 1 and the entire of Block 2 (the "**Property**"), in the Jinma Creative Industry Park (金馬創新產業園), located at Shenyan Road, Shenzhen City, Guangdong Province, the People's Republic of China	With a land site area of approximately 23,847.51 sq.m., the Property owned by the company is comprised of 76 units on Levels 2 to 9 of Block 1 and the entire of Block 2 with the total gross floor area of approximately 19,083 sq.m. in the Jinma Creative Industry Park, which was completed in about 2015. The total gross floor area owned by the company is approximately 14,125.03 sq.m. designated for office and approximately 4,957.51 sq.m. designated for storage uses The land use rights of the property were granted for 50 years for storage use commencing on 30 June 2007.	Part of the office (956.29 sq.m.) is held by the Instructing Party for own use and the remaining portion (18,126.25 sq.m.) of the Property is vacant as of the Valuation Date.	RMB162,000,000

Notes:

1. Pursuant to a Real Estate Ownership Certificate (Document No.: Yue (2015) Shen Zhen Si Bu Dong Chan Quan No.0063815 (粵(2015)深圳市不動產權第0063815號), the land use rights of the Development with a site area of approximately 23,847.51 sq.m. were granted to 綜合信興鹽保物流(深圳)有限公司 for a term of 50 years expiring on 29 June 2057 for storage use. Furthermore, as stipulated in the Real Estate Ownership Certificates, the ownership of the building of Block 1 of the Development with a total gross floor area of approximately 37,912.83 sq.m. completed on 29 July 2015 is vested in 綜合信興鹽保物流(深圳)有限公司.

2. Pursuant to a Real Estate Ownership Certificate (Document No.: Yue (2015) Shen Zhen Si Bu Dong Chan Quan No.0063799 (粵(2015)深圳市不動產權第0063799號)), the land use rights of the Development with a site area of approximately 23,847.51 sq.m. were granted to 綜合信興鹽保物流(深圳)有限公司 for a term of 50 years expiring on 29 June 2057 for storage use. Furthermore, as stipulated in the Real Estate Ownership Certificates, the ownership of the building of Block 2 of the Development with a total gross floor area of approximately 4,957.51 sq.m. completed on 29 July 2015 is vested in 綜合信興鹽保物流(深圳)有限公司.

3. Pursuant to a Supplementary Agreement to Sales and Purchase Agreement of Real Estate Use Right entered into by and between 綜合信興鹽保物流(深圳)有限公司 (Party A) and an indirectly wholly-owned subsidiary 晟奕信息諮詢(深圳)有限公司 of the Company (Party B) dated 3 May 2018, the 76 units of Block 1 of the Development with a total gross floor area of approximately 14,125.03 sq.m. is to be changed from storage use to office use. In accordance to the Instructing Party, construction for the 2 blocks have been completed, when transferring procedure is still ongoing.

4. In the course of our valuation, we have assumed an appropriate process will be proceeded and the approval will be obtained.

5. As of the Valuation Date, Party A has not registered the title to the property under Party B's name. The approval of the issuance of the certificate of ownership of the building is still subject to approval by the PRC government authorities. In April 2021, Party A received a second letter from Party B requesting that the deadline for processing proof of ownership of the building being extended to December 2021. The Instructing Party has engaged a PRC law firm to resolve the matter with Party A, and will continue to follow up and take appropriate action if necessary.

6. Per Management of the Company, we noted there are no encumbrance, liens, pledges or mortgages against the property as of the Valuation Date.

7. Per our understanding, the Company has never involved in the construction, renovation or development whatsoever before the Valuation Date. Per discussion with the Management of the Company, the property was built as office use at the very beginning, and no alternation cost will be borne by the Company.

8. ISH Yanbao Logistics (Shenzhen) Co., Ltd.* (綜合信興鹽保物流(深圳)有限公司) is a company established in the PRC and is principally engaged in property development in the PRC.

* *for identification purpose only*

9. The comparable properties for the areas designated for office are selected based on the following criteria:

   a. within 50 km from the subject Property

   b. having the same office usage

   c. the transaction or asking dates are within 3 months from the Valuation Date

   Given the comparable properties with type/proposed type of building being the same as the Property, a market value will be derived. Given all of the selected comparables fit the aforesaid criteria, we believe they can make reasonable and appropriate comparison to the Property.

10. In undertaking our valuation of the Property, we have made reference to various sales transactions or asking prices of similar developments which have characteristics comparable to the Property.

    Comparables are selected according to the criteria below:

    a) Within 50 km from the subject Property

    b) having the same or similar office usage

    c) the transaction or asking dates are within 3 months from the Valuation Date

The prices of those comparables are about RMB6,000/sq.m. to RMB14,900/sq.m. for office. Due adjustments to the unit prices of those comparables have been made to reflect factors including but not limited to time, location, size, accessibility, building management, building age and building quality in arriving at the key assumptions. In our valuation, we have assumed a median price of RMB10,400/sq.m. for office.

Comparables									Adjustment Factors							
No.	Name of property	Address	Storey(s)	Nature	Date of Completion	Asking Date	Gross Floor Area *(sq.m.)*	Asking Price *(RMB/sq.m)*	Asking	Location	Size	Accessibility	Building management	Building age	Building quality	Adjusted Price *(RMB/sq.m)*
1	Ping Shan Shou Zuo (坪山首座)	Shenzhen Ping Shan Xin District Ping Shan Street Tang Hang Community (深圳市坪山新區坪山街道湯坑社區)	Mid Levels	Office	2018	2/1/2023	157	8,917	−10%	5%	0%	0%	0%	0%	0%	8,427
2	Tian An Yun Gu (天安雲穀)	Shenzhen Longgang District Wanke City Ban Xue Gang Main Road (深圳市龍崗區萬科城阪雪崗大道)	Mid Levels	Office	2022	2/1/2023	300	9,000	−10%	0%	0%	0%	0%	0%	0%	8,100

Comparables									Adjustment Factors							
No.	Name of property	Address	Storey(s)	Nature	Date of Completion	Asking Date	Gross Floor Area	Asking Price	Asking	Location	Size	Accessibility	Building management	Building age	Building quality	Adjusted Price
							(sq.m.)	*(RMB/sq.m)*								*(RMB/sq.m)*
3	He Jing Tung Chuang Plaza (合景同創廣場)	Shenzhen Yantian District 2001 Sha Tau Kok Shen Yan Road (深圳市鹽田區沙頭角深鹽路2001號)	Mid Levels	Office	2022	2/1/2023	300	6,000	−10%	0%	0%	0%	0%	0%	0%	5,400
4	Lu Shan Building (廬山大厦)	Shenzhen Luohu District 66 Chun Feng Road (深圳市羅湖區春風路66號)	Mid Levels	Office	1999	2/1/2023	125	12,500	−10%	−10%	0%	0%	0%	5%	0%	10,631
5	Evergrande Metro plaza (恒大都會廣場)	Shenzhen Longgang District Bu Long Road (深圳市龍崗區布龍路)	Upper Levels	Office	2020	3/1/2023	300	14,900	−10%	0%	0%	0%	0%	0%	0%	13,410
6	Ya Gang Yi Hao (亞剛一號)	Shenzhen Longgang District Fu An Main Road (深圳市龍崗區福安大道)	Mid Levels	Office	2019	4/1/2023	300	11,500	−10%	0%	0%	0%	0%	0%	0%	10,350
7	Fong Hui Building (萬匯大厦)	Shenzhen Longgang District Longgang Main Road (深圳市龍崗區龍崗大道)	Mid Levels	Office	2014	4/1/2023	198	12,200	−10%	0%	0%	0%	0%	0%	0%	10,980
		Adopted														**10,400**

For comparable properties of office, we have adopted adjustment of the following parameters on the ask prices, as show in table below.

Asking adjustment	Per industry practice and Valuer's experience and professional judgment, 5% to 10% adjustment will be applied to the asking price. 5% downward adjustment is applied for mild downturn/ normal condition in marco-economy, while 10% downward adjustment is applied for medium to severe downturn in macro-economy. Given the recent downside market in the Mainland China, we have applied 10% downward adjustment in ask price.
Location	5% to 10% discount is adopted as industry practice and Valuer's experience and professional judgement. 5% discount is adopted for comparables less than 10km closer to downtown, 10% discount is adopted for comparables more than 10km closer to downtown, vice versa
Age of building	5% upward adjustment is adopted on the only comparable property (#4) which was completed before 2000. The building's age is more than 10 years older than the target property and other comparable properties.

11. The comparable properties for the areas designated for industrial use are selected based on the following criteria:

    a. within 50 km from the subject Property

    b. having the same industrial usage

    c. the transaction or asking dates are within 3 months from the Valuation Date.

    Given the comparable properties with type/proposed type of building being the same as the Property, a market value will be derived. Given all of the selected comparables fit the aforesaid criteria, we believe they can make reasonable and appropriate comparison to the Property.

12. In undertaking our valuation of the Property, we have made reference to various sales transactions or asking prices of similar developments which have characteristics comparable to the Property. The prices of those comparables are about RMB1,800/sq.m. to RMB5,500/sq.m. for industrial properties. Due adjustments to the unit prices of those comparables have been made to reflect factors including but not limited to time, location, size, accessibility, building management, building age and building quality in arriving at the key assumptions. In our valuation, we have assumed a median price of RMB3,000/sq.m. for industrial properties.

No.	Address	Nature	Asking Date	Comparables Gross Floor Area (sq.m.)	Asking Price (RMB/sq.m)	Adjustment Factors Asking	Location	Size	Accessibility	Building management	Building age	Building quality	Adjusted Price (RMB/sq.m)
1	Shenzhen Longgang District Tong Le Village (深圳市龍崗區同樂村)	Industrial	Asking in March 2023	3,500	3,714	–10%	5%	0%	0%	0%	0%	0%	3,343
2	Ping Shan Plaza (平山廣場)	Industrial	Asking in March 2023	12,000	3,000	–10%	0%	0%	0%	0%	0%	0%	2,700
3	Lan Zhu Dong Road (蘭竹東路)	Industrial	Asking in March 2023	2,000	2,500	–10%	0%	0%	0%	0%	0%	0%	2,250
4	Shenzhen Longgang District Longgang Main Road (深圳市龍崗區龍崗大道)	Industrial	Asking in March 2023	7,800	3,590	–10%	–10%	0%	0%	0%	0%	0%	3,231
5	Shenzhen Longgang District Longgang Zhong Xin Cheng (深圳市龍崗區龍崗中心城)	Industrial	Asking in March 2023	16,060	4,981	–10%	0%	0%	0%	0%	0%	0%	4,483
6	Shenzhen Ping Shan District (深圳市坪山區)	Industrial	Asking in March 2023	1,000	1,800	–10%	0%	0%	0%	0%	0%	0%	1,620
7	Shenzhen Ping Shan District (深圳市坪山區)	Industrial	Asking in March 2023	8,000	3,125	–10%	0%	0%	0%	0%	0%	0%	2,813
8	Shenzhen Ping Shan District (深圳市坪山區)	Industrial	Asking in March 2023	1,000	5,500	–10%	0%	0%	0%	0%	0%	0%	4,950
	Adopted												**3,000**

For comparable properties of industrial properties, we have adopted adjustment of the following parameters on the ask prices, as shown in table below.

Asking adjustment	Per industry practice and Valuer's experience and professional judgment, 5% to 10% adjustment will be applied to the asking price. 5% downward adjustment is applied for mild downturn/normal condition in marco-economy, while 10% downward adjustment is applied for medium to severe downturn in macro-economy. Given the recent downside market in the Mainland China, we have applied 10% downward adjustment in ask price.

13. Per Instructing Party, construction for the 2 blocks have been completed, when transferring procedure is still ongoing. As stipulated in the Real Estate Ownership Certificates in Notes 1 and 2, the Properties cannot be transferred or mortgaged without prior approval from the government. In the course of our valuation, we have assumed an appropriate process will be proceeded and the approval will be obtained.

14. In the course of our valuation, we have made the following assumptions:

    (a) The Properties, whether as a whole or on a strata-title basis, is freely transferable to any third party (both overseas and domestic) in the open market without payment of any land premiums or any incidental costs;

    (b) All land premiums and other costs of ancillary utility services have been settled in full; and

    (c) The Properties are free from any orders and other legal encumbrances which may cause adverse effect to the title of the Properties.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF CENTURY STRONG LIMITED

TO THE BOARD OF DIRECTORS OF ASIA RESOURCES HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the business valuation (the "**Valuation**") dated 23 June 2023 prepared by AP Appraisal Limited in respect of the appraisal of the fair value of the 100% equity interests in Century Strong Limited (the "**Target Company**") is based. The Valuation is set out in Appendix V of the circular of Asia Resources Holdings Limited (the "**Company**") dated 23 June 2023 (the "**Circular**") in connection with the disposal by the Company of a 100% equity interest in the Target Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows including the bases and assumptions set on pages V-12 to V-20 of the Circular on which the discounted future estimated cash flows are based. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the discounted future estimated cash flows and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 (HKSQM), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions set out on pages V-12 to V-20 of the Circular. The extent of procedures selected depends on the Reporting Accountant's judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the directors of the Company as set out on pages V-12 to V-20 of the Circular.

Lau & Au Yeung C.P.A. Limited
Certified Public Accountants

Au Yeung Tin Wah
Practising Certificate Number: P02343
Hong Kong, 23 June 2023

建泉融資有限公司
VBG Capital Limited

21/F., Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

23 June 2023

The Board of Directors
Room 2601, 26/F, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

Dear Sirs,

We refer to the announcement (the "**Announcement**") of Asia Resources Holdings Limited (the "**Company**") dated 2 May 2023 in relation to the very substantial disposal of a subsidiary of the Company, Century Strong Limited (the "**Target Company**") and the valuation in respect of the Target Company (the "**Valuation**") prepared by AP Appraisal Limited, the independent valuer of the Company (the "**Independent Valuer**"). We understand that the Independent Valuer has prepared the Valuation based on the discounted cash flow method, which is regarded as a profit forecast (the "**Forecast**") under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Unless otherwise defined or if the context otherwise requires, all terms defined in the Announcement shall have the same meaning when used in this letter.

We, as the financial adviser to the Company in relation to the Forecast, have reviewed the Forecast upon which the Valuation has been made, for which you as the directors of the Company (the "**Directors**") are solely responsible. We have discussed with the management of the Company and the Independent Valuer the bases and assumptions upon which the Valuation has been prepared. We have also considered the letter from Lau & Au Yeung C.P.A. Limited dated 23 June 2023 addressed solely to yourselves regarding the discounted future estimated cash flows. The Forecast is based on a number of bases and assumptions. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the businesses of the Target Company may or may not achieve as expected and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Independent Valuer, for which the Independent Valuer and the Company are responsible, we are satisfied with the Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry by you.

The work undertaken by us in giving the above view has been undertaken for the purpose of reporting solely to you under Rule 14.62(3) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work or this letter.

Yours faithfully,
For and on behalf of

VBG Capital Limited
Hui Ringo Wing Kun
Director

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 INTERESTS OF DIRECTORS IN EQUITY OR DEBT SECURITIES

As at the Latest Practicable Date, the interests and short positions of each Director, chief executive of the Company and their respective associates in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which 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 he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange are set out below:

Long positions in Shares as at the Latest Practicable Date:

Name of Chief Executive/Director	Number of Shares held *(Note 1)* Personal interests	Corporate interests	Total	Approximate % of the issued share capital in the Company *(Note 2)*
Li Yuguo	226,800,000	–	226,800,000	24.17%
Liu Yan Chee James	10,480,000	–	10,480,000	1.12%
Yang Xiaoqiang	35,482,000	–	35,482,000	3.78%
Huang Yilin	7,000	–	7,000	0.00%

Notes:

1. All interests stated are long positions.

2. The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 938,402,800 Shares).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which 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 he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who 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 any other member of the Group:

Long positions in Shares and underlying shares of equity derivatives of the Company as at the Latest Practicable Date:

Name of Substantial Shareholder	**Capacity/nature of interests**	**Number of Shares held** *(Note 1)*	**Approximate % of the issued share capital in the Company** *(Note 2)*
Li Yuguo	Beneficial owner	226,800,000	24.17%
Full Tenda Development Limited	Beneficial owner	77,003,800	8.20%

Notes:

1. All interests stated are long positions.

2. The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 938,402,800 Shares).

Save as disclosed herein, as at the Latest Practicable Date, there was no other person so far as was known to the Directors of the Company (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who 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 any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable within one year without payment of compensation (other than statutory compensation).

5. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date, save as disclosed herein:

(a) none of the Directors had any direct or indirect interest in any assets which have, since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to any member of the Group; and

(b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting as at the date of this circular and which was significant in relation to the business of the Group as a whole.

6. EXPERT'S CONSENT AND QUALIFICATION

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	**Qualification**
AP Appraisal Limited	Independent valuer
Lau & Au Yeung C.P.A. Limited	Certified public accountants

VBG Capital Limited	A licenced corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

As at the Latest Practicable Date, each of AP Appraisal Limited, Lau & Au Yeung C.P.A. Limited and VBG Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s), report(s), opinion and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of AP Appraisal Limited, Lau & Au Yeung C.P.A. Limited and VBG Capital Limited had any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of AP Appraisal Limited, Lau & Au Yeung C.P.A. Limited and VBG Capital Limited had any direct or indirect interest in any assets which have been, since 31 March 2022 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, 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.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. LITIGATION

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

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Company or any members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

(a) Second further supplemental agreement dated 26 August 2021 and the third further supplemental agreement dated 1 September 2021 entered into between Asiaciti Investment Limited as purchaser, and Mr. Li Yuguo, pursuant to which, Mr. Li Yuguo agreed to repay Asiaciti Investment Limited on or before 2 July 2022 the remaining outstanding amount of RMB559,538,859.19 (the "**Outstanding Sum**") together with the interest on the Outstanding Sum calculated on a daily basis at an interest rate of 10% per annum accrued from 26 August 2021 until payment. The details are set out in the circular of the Company dated 1 November 2021;

(b) Acquisition agreement dated 31 January 2022 entered into between the subsidiary of the Company, World Kingdom Worldwide Limited as the purchaser, Ms. Kwong Wing Yee as the vendor and Shun Jie International Holdings Company Limited as the target company, pursuant to which, the purchaser acquired 100% of the issued share capital of, and the shareholder's loan advanced to the target company, at a consideration of RMB376,000,000. The details are set out in the announcements of the Company dated 31 January 2022 and 27 May 2022 respectively, and the circular of the Company dated 28 March 2022;

(c) Placing agreement dated 5 July 2022 entered into between the Company and Silverbricks Securities Company Limited as the placing agent in relation to the placing of up to 1,000,000,000 Shares by the placing agent to not less than 6 independent placees at a price of HK$0.03 per placing share pursuant to the terms and conditions thereof. The details are set out in the announcement of the Company dated 5 July 2022;

(d) Fourth further supplemental agreement dated 19 August 2022 entered into between Asiaciti Investment Limited as purchaser and Mr. Li Yuguo, pursuant to which, Mr. Li Yuguo agreed to repay Asiaciti Investment Limited on or before 2 July 2023 the aggregate outstanding interest in the amount of approximately RMB88.6 million together with interest to be accrued thereon calculated on a daily basis at an interest rate of 8% per annum accrued from 19 August 2022 until payment. The details are set out in the circular of the Company dated 30 September 2022;

(e) Joint venture agreement dated 16 December 2022 entered into between World Legend Enterprises Limited and Mr. Liu Haijun, pursuant to which, the parties agreed to establish the joint venture company with an initial share capital of HK$100, of which 51 ordinary shares shall be issued to World Legend Enterprises Limited at a subscription price of HK$100,000 (comprising share capital of HK$51 and share premium of HK$99,949), and 49 ordinary shares shall be issued to Mr. Liu Haijun at a subscription price of HK$49 and further contribution by way of the sales agency right. The details are set out in the announcement of the Company dated 16 December 2022 and the supplemental announcement of the Company dated 6 March 2023;

(f) Placing agreement dated 16 March 2023 entered into between the Company and Silverbricks Securities Company Limited as the placing agent in relation to the placing of up to 77,233,800 Shares by the placing agent to not less than 6 independent placees at a price of HK$0.146 per placing share pursuant to the terms and conditions thereof. The details are set out in the announcement of the Company dated 16 March 2023; and

(g) the Agreement.

11. GENERAL

(a) The company secretary of the Company is Mr. Wu Ho Wai, a fellow member of the Association of Chartered Certified Accountants and also a member of the Hong Kong Institute of Certified Public Accountants.

(b) The share registrar and transfer office of the Company is Tricor Secretaries Limited.

(c) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.asiaresources899.com.hk from the date of this circular up to and including the date of SGM (and for not less than 14 days):

(a) the Agreement;

(b) the material contracts as referred to in the section headed "10. Material Contracts" of this appendix;

(c) the Bye-Laws;

(d) the audited consolidated accounts for the Group for the years ended 31 March 2020, 31 March 2021 and 31 March 2022;

(e) the independent reporting accountant's assurance report on the compilation of unaudited pro forma financial information, the text of which is set out in Appendix III of this circular;

(f) the valuation report on the Target Group, the text of which is set out in Appendix V of this circular;

(g) the property valuation report, the text of which is set out in Appendix VI of this circular;

(h) the report on the calculations of discounted future estimated cash flows in connection with the business valuation of the Target Group, the text of which is set out in Appendix VII of this circular;

(i) the letter from VBG Capital Limited relating to the profit forecast, the text of which is set out in Appendix VIII of this circular;

(j) the written consent of the experts as referred to in the section headed "6. Expert's Consent and Qualification" of this appendix; and

(k) 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 SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Asia Resources Holdings Limited (the "**Company**") will be held at Units 1302-3, 13/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong on Wednesday, 12 July 2023 at 11:00 a.m., for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the Agreement dated 27 April 2023, details of which are disclosed in the circular of the Company dated 23 June 2023, entered into between the Company, the Purchaser and the Target Company (a copy of the Agreement marked "A" is produced to the SGM and signed by the chairman of the SGM for identification purpose) and the transactions contemplated thereunder and the execution thereof be and are hereby ratified, confirmed and approved; and

(b) each of the Directors be and is hereby authorised to do all such acts and things and sign, ratify and execute all such documents and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in his/her opinion, in the interests of the Company and its shareholders."

By Order of the Board
Asia Resources Holdings Limited
Li Yuguo
Executive Director

Hong Kong, 23 June 2023

* *For identification purpose only*

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 share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than Monday, 10 July 2023 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 Monday, 10 July 2023 to Wednesday, 12 July 2023 (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 share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Friday, 7 July 2023.

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.

6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect at the time of the meeting, the meeting will be held as scheduled unless further notice posted on the websites of the Company at http://www.asiaresources899.com.hk and the Stock Exchange at http://www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.

   Shareholders should make their own decision as to whether they would attend the meeting under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

As at the date of this notice, the Board consists of four executive directors, Mr. Li Yuguo, Mr. Liu Yan Chee James, Mr. Yu Jiang and Mr. Li Xiaoming; 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.