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Asia Resources Holdings Limited

亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

DISCLOSEABLE TRANSACTION INVOLVING THE ACQUISITION OF 67% EQUITY INTERESTS IN THE TARGET COMPANY

THE AGREEMENT

The Board is pleased to announce that on 23 May 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares for an aggregate consideration of HK\$244 million, which shall be settled by cash.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

* For identification purpose only

INTRODUCTION

The Board is pleased to announce that on 23 May 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares for an aggregate consideration of HK\$244 million, which shall be settled by cash.

The principal terms of the Agreement are summarized below.

THE AGREEMENT

Date: 23 May 2017 (after trading hours of the Stock Exchange)

Parties: (1) Purchaser: Continental Joy Limited, a wholly-owned subsidiary of the Company;

(2) Vendor: Mr. Lam Chun Ho (林鎮豪), a merchant

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

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Subject of the Acquisition

Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares, representing 67% of the equity interests in the Target Company upon Completion. Immediately before Completion, the Vendor is the legal and beneficial owner of the Sale Shares.

Any subsequent sale of the Sale Shares by the Purchaser shall be subject to the pre-emptive rights of the Vendor.

Consideration

The Consideration payable for the sale and purchase of the Sale Shares shall be HK\$244 million, which shall be settled by cash.

The Consideration for the Acquisition was determined after arms' length negotiations between the Purchaser and the Vendor with reference to, among others, (i) the business development opportunity and prospects of the Target Group; and (ii) a business valuation report dated 23 May 2017 prepared by HUNG Association Appraisal and Professional Services Limited (the "Valuer"), a valuer independent to the Group and the Vendor, which has estimated market value of 67% of the equity interests of the Target Group to be approximately HK\$245 million as at 30 April 2017.

In determining the business valuation of the Target Company, the Valuer has adopted the market approach-comparable transaction methods as its valuation methodology.

The Directors consider that the terms and conditions of the Agreement are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Agreement is conditional upon the fulfilment of the following conditions:

- (a) the Warranties remaining true and accurate and not misleading in all respects;
- (b) the obtaining by the Purchaser of a due diligence report in form and substance satisfactory to the Purchaser issued by a practising lawyer in Hong Kong appointed by the Purchaser on the operation, business, assets and other matters as reasonably required by the Purchaser and there is no (i) material non-compliance, (ii) material litigation or (iii) material uncertainty in the business model of the Target Company;
- (c) the obtaining by the Purchaser of a legal opinion in the form and substance satisfactory to the Purchaser issued by a practising lawyer in the PRC appointed by the Purchaser opining on, inter alia, the due incorporation, valid and continued existence, asset, business and operation of the Subsidiary B and validity and legality of its water mining licence and there is no (i) material non-compliance, (ii) material litigation or (iii) material uncertainty in the business model of the Subsidiary B;

- (d) the compliance by the Purchaser and its holding company of all requirements under the Listing Rules or other regulatory authorities for entering into of the Agreement and the transactions contemplated thereunder;
- (e) the Purchaser being satisfied with the results of the due diligence review to be conducted in relation to the assets, liabilities, operations and business of the Target Group; and
- (f) there have not been any material adverse change on the Target Group.

The Purchaser may at any time waive the above conditions by written (save for condition (d), which are incapable of being waived). In the event that the above conditions are not fulfilled (or waived as the case may be) on or before 15 June 2017 (or such later date as the Vendor and the Purchaser may agree), all rights and obligations of the parties under the Agreement shall be terminated. Thereafter none of the parties to the Agreement shall have any further obligations and liabilities towards the other thereunder except for any antecedent breaches (if any).

Production Volume Guarantee

The production volume of spring water shall not be less than (i) 50,000 cubic metres in 2019 and (ii) 100,000 cubic metres for each calendar year from 2020 to 2028. If the Target Group fails to satisfy the aforesaid production volume guarantee, the Vendor shall be required to pay monetary compensation to the Purchaser with reference to the difference between (i) the estimated amount of profit of the Target Group during the relevant year as if the production volume guarantee can be achieved and (ii) the actual amount of profit of the Target Group during the relevant year. In the event that the Vendor and the Purchaser fail to agree on the exact amount of compensation, they shall engage accountant, valuer and market consultant to assess the amount of compensation.

Completion

Completion shall take place on the 5th Business Day after the fulfilment (or waiver as the case may be) of all the conditions precedent under the Agreement or on such other date as may be agreed between the Vendor and the Purchaser.

The Company intends to pay the Consideration by the internal resources of the Group.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability which is principally engaged in investment.

As at the date of this announcement, the Target Company is wholly-owned by the Vendor. The Target Company owns 100% equity interest in Subsidiary A. Subsidiary A is principally engaged in, inter alia, environment and energy saving technology development and services. Subsidiary A in turn owns 100% equity interest in Subsidiary B. Subsidiary B is principally engaged in exploitation, production and sales of spring water.

The unaudited consolidated management accounts of the Target Group for the financial years ended 31 March 2017 and 31 March 2016 are summarized and set out below:

	For the year ended 31 March 2017 (unaudited) (HK\$)	For the year ended 31 March 2016 (unaudited) (HK\$)
Loss before and after taxation	260,357	118,071
	As at 31 March 2017 (unaudited) (HK\$)	As at 31 March 2016 (unaudited) (HK\$)
Net liabilities	364,387	139,454

Upon Completion, the Target Company will become a non wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into those of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in iron mining business; securities and other trading business; money lending business; and property investments.

It is the Group's business strategy to focus on the development and expansion of the property investment business in the PRC. Despite the Board is optimistic in the property investment business, in order to provide a stable income stream to the business of the Group, the Group has been actively exploring for business opportunities based on the experience and business connections of its management.

As mining business is one of the principal activities of the Group, the Board believes that the Acquisition will allow the Group to extend its mining business into water mining, production and sales of bottled water business and broaden the Group's business spectrum and is confident that the operation of the Target Company will contribute positively to the Group. Hence, the Directors are of the view that the Acquisition will maximize the future contribution to the Group.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

As none of the Directors has a material interest in the Acquisition, no Director is required to abstain from voting on the relevant resolution of the Board approving the Acquisition.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 23 May 2017 entered into among the Vendor and the Purchaser in relation to the Acquisition

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Asia Resources Holdings Limited, 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”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	on the 5th Business Day upon the fulfilment (or waiver as the case may be) of all the conditions precedent under the Agreement or on such other date as may be agreed between the Vendor and the Purchaser
“Consideration”	the aggregate consideration payable by the Purchaser to the Vendor for the Sale Shares, being HK\$244 million
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Continental Joy Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	670 issued shares of the Target Company, representing 67% of the equity interests in the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary A”	汕頭市匯聯信息科技有限公司, a company incorporated in the PRC with limited liability, being a wholly-owned subsidiary of the Target Company and is principally engaged in, inter alia, environment and energy saving technology development and services
“Subsidiary B”	湖南新田富鋸礦泉水有限公司, a company incorporated in the PRC with limited liability, being a wholly-owned subsidiary of the Subsidiary A and is principally engaged in exploitation, production and sales of spring water

“Target Company”	Good Union (China) Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Vendor and is principally engaged in investment
“Target Group”	the Target Company, Subsidiary A and Subsidiary B
“Vendor”	Mr. Lam Chun Ho (林鎮豪), a merchant
“Warranties”	the warranties and representations given by the Vendor to the Purchaser as set out in the terms of the Agreement
“%”	per cent.

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

Hong Kong, 23 May 2017

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