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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 FORMATION OF JOINT VENTURE COMPANY INVOLVING THE ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE

FORMATION OF JOINT VENTURE COMPANY

On 16 December 2022, World Legend, a direct wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with the Joint Venture Partner under which the parties agreed to establish the Joint Venture Company to engage in furniture distribution business.

PB Shares may be allotted and issued to the Joint Venture Partner under the General Mandate in the event that the Target Profit for Bonus is satisfied.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the formation of the Joint Venture Company exceeds 5% and all of the percentage ratios are less than 25%, the Joint Venture Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but is exempted from shareholders' approval requirement under Chapter 14 of the Listing Rules.

* *For identification purposes only*

FORMATION OF JOINT VENTURE COMPANY

On 16 December 2022, World Legend, a direct wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with the Joint Venture Partner pursuant to which the parties agreed to establish the Joint Venture Company to engage in furniture distribution business.

The Joint Venture Agreement

The principal terms of the Joint Venture Agreement are summarized as follows:

Date: 16 December 2022

Parties: World Legend, a direct wholly-owned subsidiary of the Company; and

Mr. Liu Haijun, a merchant (provided that Mr. Liu may designate a corporate vehicle wholly-owned by him to be the registered shareholder of the Joint Venture Company upon its establishment)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Liu Haijun, all equity holders and the ultimate beneficial owner(s) of the Furniture Manufacturer are third parties independent of the Group and its connected persons.

Shareholding structure and capital contribution: World Legend and the Joint Venture Partner agreed to establish the Joint Venture Company with an initial share capital of HK\$100, which shall be contributed by the parties as follows:

- (i) 51 ordinary shares of the Joint Venture Company shall be issued to World Legend at a subscription price of HK\$100,000 (comprising share capital of HK\$51 and share premium of HK\$99,949); and
- (ii) 49 ordinary shares of the Joint Venture Company shall be issued to the Joint Venture Partner at a subscription price of HK\$49 and further contribution by way of the Sales Agency Right, details of which are set out below.

Pursuant to the Joint Venture Agreement, World Legend agrees to advance a shareholder's loan of HK\$21,900,000 to the Joint Venture Company within 12 months upon establishment of the Joint Venture Company in accordance with its operating needs. The Joint Venture Partner agrees to further contribute to the Joint Venture Company by procuring the Furniture Manufacturer to enter into the distribution agency agreement to grant the Sales Agency Rights to the Joint Venture Company for a period of no less than 10 years within 1 month upon the establishment of the Joint Venture Company.

The Company will comply with all requirements under the Listing Rules in connection with the entering into of the distribution agency agreement, if necessary.

- Principal business: The principal activities of the Joint Venture Company will be the distribution of furniture and other relevant products, and the provision of after-sales services.
- Term of the Joint Venture Company: Unless the parties agree otherwise, the term of the Joint Venture Company shall be 10 years commencing from the date of establishment of the Joint Venture Company.
- Board composition: The board of directors of the Joint Venture Company shall comprise 3 members. World Legend and Joint Venture Partner are entitled to nominate 2 members and 1 member, respectively.
- The chairman of the board shall be appointed by World Legend.
- Right of first refusal: In case any party intends to transfer of all or part of its equity interests in the Joint Venture Company to any third party, the other party shall have right of first refusal.
- Target Profit for Bonus and performance bonus: World Legend agrees to pay the Joint Venture Partner the performance bonus for a sum equivalent to HK\$19,000,000 if the net profit of the Joint Venture Company for the year ending 31 December 2023 is not less than or equal to HK\$30,000,000 (the “**Target Profit for Bonus**”).

The payment of performance bonus pursuant to the Joint Venture Agreement shall be satisfied by the Company by way of allotment and issuance of up to 95,000,000 new Shares (the “**PB Shares**”) at HK\$0.20 per Share if the Target Profit for Bonus is met and within 1 month after the satisfaction of the Target Profit for Bonus, which represents:

- (i) a premium of approximately 4.71% over the closing price of HK\$0.191 per Share as quoted on the Stock Exchange on the date of the Joint Venture Agreement; and
- (ii) a discount of approximately 1.48% to the average closing price of approximately HK\$0.203 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Joint Venture Agreement.

If the Target Profit for Bonus cannot be met, the Joint Venture Partner will only be entitled to pro rata number of the PB Shares based on the actual profits generated.

On or after 30 June 2023, World Legend may consider procuring the Company to allot and issue the pro rata number of the PB Shares to the Joint Venture Partner based on the actual profits generated, considering the profit position of the Joint Venture Company and the overall business conditions and market environment in the second half of the year ending 31 December 2023.

The issue of the PB Shares will be subject to the condition precedent that the approval of, and permission to deal with, the PB Shares having been granted by the Stock Exchange.

The PB Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the PB Shares.

The PB Shares, if fully allotted and issued, represents 11.0% of the issued share capital of the Company as at the date of this announcement and approximately 9.9% of the issued share capital of the Company as enlarged by the PB Shares.

Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the PB Shares.

The PB Shares will be issued under the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 28 September 2022. Pursuant to the General Mandate, the Company was authorized to issue and allot up to 1,722,338,000 Shares, representing 20% of the number of Shares in issue on the date of passing such resolution. After the consolidation of the Shares became effective on 14 October 2022, the Company was authorised to issue and allot up to 172,233,800 Shares. The General Mandate has not been previously utilized prior to the issue of the PB Shares. Accordingly, the issue of the PB Shares is not subject to any Shareholders' approval.

Should the Company conducts a share subdivision or share consolidation during the year ending 31 December 2023 before issue of any PB Shares, World Legend shall procure the Company to make appropriate adjustments to the number of PB Shares to be issued.

Non-competition:

The Joint Venture Partner undertakes that, during the term of the Joint Venture Company, the Joint Venture Partner and any of its related parties do not and will not engage in any business or operation that competes and/or conflicts with the business or operation of the Joint Venture Company.

Conditions Precedent

The formation of the Joint Venture Company shall be subject to the following conditions precedent:

- (a) the Company having complied with all regulatory requirements under the Listing Rules and the Stock Exchange in connection with the formation of the Joint Venture Company, the entering into of the Joint Venture Agreement and the transaction contemplated thereunder;
- (b) the parties having obtained all approvals and permits from the relevant governmental and regulatory authority;

- (c) there is no occurrence of force majeure event; and
- (d) there is no material adverse change in the political, economic and social conditions of the PRC and the world.

The Company and the Joint Venture Partner shall use their best endeavours to procure the fulfilment of the conditions precedent. In the event that any of the conditions precedent is not fulfilled before 31 December 2022 (or such other date as the parties may agree), the Joint Venture Agreement shall lapse automatically and none of the parties shall be liable to the other (save for any antecedent breaches) unless both parties agree to defer the long-stop date.

Completion

Completion shall take place on the business day on which the last of all of the above conditions has been fulfilled as provided in the Joint Venture Agreement (or such other date as the parties may agree).

Upon the establishment of the Joint Venture Company, it will be owned as to 51% and 49% by World Legend and the Joint Venture Partner, respectively. The Joint Venture Company will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated to the financial statements of the Group.

The terms of the Joint Venture Agreement were determined after arm's length negotiations among the parties with reference to the business nature and prospect of the Joint Venture Company, its working capital requirement and future development plans.

INFORMATION OF THE COMPANY AND PARTIES TO THE JOINT VENTURE AGREEMENT

The Company

The Company is an investment holding company with subsidiaries principally engaged in property development, property investment and production and sales of bottled water in the PRC.

World Legend

World Legend is a direct wholly-owned subsidiary of the Company and is principally engaged in the business of investment holding.

Joint Venture Partner

The Joint Venture Partner is an individual merchant and is now the controlling shareholder of the Furniture Manufacturer.

REASONS AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE COMPANY

The Company has been seeking investment opportunities from time to time with a view to strengthen and broaden its sources of income and accelerate further growth of the Group as a whole. The joint venture with the Joint Venture Partner and the establishment of the Joint Venture Company represent an excellent opportunity for the Company to expand into the furniture sales and distribution market. As the Group intends to continue its existing business in property development and property investment, it is expected that the furniture business will also create synergies with the existing property business of the Group.

Leveraging on the established furniture manufacturing facilities owned and operated by the Furniture Manufacturer and its business network in the PRC, the Joint Venture Company is expected to benefit from it to generate economics benefits that are satisfactory to all relevant parties.

The Directors are of the view that the terms of the Joint Venture Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the formation of the Joint Venture Company exceeds 5% and all of the percentage ratios are less than 25%, the Joint Venture Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but is exempted from shareholders' approval requirement under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Shares should note that the establishment of the Joint Venture Company is subject to the fulfillment of the conditions precedent and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“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)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Furniture Manufacturer”	Jiangxi Huiming Ecological Home Technology Co. Ltd. (江西滙明生態家居科技有限公司), a company established in the PRC, which is 80%-owned and controlled by the Joint Venture Partner
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 28 September 2022 to issue and allot up to 1,722,338,000 Shares, representing 20% of the number of Shares in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Joint Venture Agreement”	an agreement entered into between World Legend and the Joint Venture Partner on 16 December 2022 to establish the Joint Venture Company
“Joint Venture Company”	the joint venture company proposed to be established in the British Virgin Islands pursuant to the Joint Venture Agreement

“Joint Venture Partner”	Mr. Liu Haijun (劉海君), a merchant
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Sales Agency Right”	the rights to sell and distribute the furniture and related products manufactured by the Furniture Manufacturer for a term of 10 years (subject to renewal) to those existing customers of the Furniture Manufacturer (including the rights to access the data of those existing customers) and other customers as may be secured by the Joint Venture Company in the future
“Share(s)”	the ordinary share(s) of the Company of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“World Legend”	World Legend Enterprises Limited (宏駿企業有限公司), a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 16 December 2022

As at the date of this announcement, 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.