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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)

VERY SUBSTANTIAL DISPOSAL AND RESUMPTION OF TRADING

DISPOSAL

On 9 April 2015 (after trading hours), the Purchaser and the Vendors entered into a Sale and Purchase Agreement pursuant to which the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the Sale Shares, being the entire issued share capital of the Target Company and the Shareholder Loan at the Consideration of RMB30,000,000 (equivalent to approximately HK\$37,500,000) which will be payable in accordance with the terms of the Sale and Purchase Agreement. Upon Completion of Sale and Purchase Agreement, the Target Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Disposal are 75% or more, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the announcement and Shareholders' approval requirements.

A circular containing, among other matters, further details of the Disposal, the financial information of the Target Group and the notice for SGM will be despatched to the Shareholders as soon as practicable. As additional time is required to prepare and finalise the information for inclusion in the circular, it is expected that the circular will be despatched on or before 5 June 2015.

* *For identification purposes only*

WARNING

Completion of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the section headed “Conditions Precedent to the Sale and Purchase Agreement” in this announcement, including the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder by the Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 10 April 2015, pending the publication of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 16 April 2015.

INTRODUCTION

The Board is pleased to announce that on 9 April 2015, Merit Development and China Value (as the vendors), each a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Pan Guohua** (潘國華) (as the purchaser) for the sale of the Sale Shares and Shareholder Loan from the Vendors to the Purchaser, subject to the conditions set out in the Sale and Purchase Agreement.

THE DISPOSAL

Date

9 April 2015 (after trading hours)

Parties

- (1) Merit Development and China Value, each is a wholly owned subsidiary of the Company, being the Vendors; and
- (2) Pan Guohua** (潘國華), being the Purchaser.

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

Subject Matter

The Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares (representing the entire issued shares of the Target Company) and the Shareholder Loan.

Consideration

The total Consideration payable by the Purchaser for the Disposal is RMB30,000,000 (equivalent to approximately HK\$37,500,000) which shall be satisfied in the following manner:

- (a) RMB2,500,000 (equivalent to approximately HK\$3,125,000) shall be paid within 5 Business Days from the date of the Sale and Purchase Agreement as refundable deposit; and
- (b) the remaining amount of RMB27,500,000 (equivalent to approximately HK\$34,375,000) shall be paid upon Completion.

Conditions Precedent to the Sale and Purchase Agreement

Completion is conditional upon:

- (a) the passing by the Shareholders of the necessary resolution(s) at the special general meeting of the Company for approving the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (b) all necessary consents and approvals (including those from the relevant government, regulatory bodies, authorities or third parties) in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained by the parties to the Sale and Purchase Agreement; and
- (c) the warranties given by the Vendors and the Purchaser having remained true and accurate in all material respects.

Conditions (a) and (b) are not capable of being waived by the Purchaser.

If the above conditions have not been fulfilled or waived (as the case may be) on or before 31 December 2015, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof and the forfeiture of the deposit by the Vendor in the event of the Purchaser's default causing the nonfulfillment or otherwise the refund of the refundable deposit to the Purchaser.

Basis of the Consideration

The consideration for the Disposal was determined after arm's length negotiations taking into account the performance of the Target Group; the net asset value of the Target Group (excluding the Shareholder Loan) of approximately HK\$33.3 million and approximately HK\$16.8 million with the decrease arising from the operating loss of the Target Group of approximately HK\$16.5 million based on the unaudited financial statements of the Target Group as at 30 September 2014 and 28 February 2015 respectively and the amount of the Shareholder Loan of approximately HK\$376.9 million; and the reasons set out under the paragraphs headed "Reasons for and benefits of the Disposal", the Directors consider that the Disposal is in the interests of the Company. Major assets of the Target Group include property, plant and machinery.

The Directors of the Company are of the view that the terms of the Sale and Purchase Agreement, which have been reached after arm's length negotiations amongst the Parties, are normal commercial terms, fair and reasonable and in the interests of Company and its Shareholders as a whole.

COMPLETION OF THE DISPOSAL

Completion is expected to take place within 7 Business Days immediately after the date on which the last of the conditions precedent is fulfilled or waived or such other date as agreed between the Parties.

After Completion, the Target Company will cease to be a subsidiary of the Company and the remaining Group will no longer engage in the sales and manufacturing of pharmaceutical products. The Company will continue to focus in its real estate business in the PRC.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Over the last few years, the Group's intravenous fluids business for the manufacturing and sales of pharmaceutical products has been affected by intensified competition in the intravenous fluids market. Under these circumstances, selling price and sales volume both dropped dramatically and the profit margin of the business had also been reduced notwithstanding cost control disciplines having been implemented. As a result, the pharmaceutical segment loss of our Group over the last few years ranged from approximately HK\$10 million to approximately HK\$24 million for the financial year from 31 March 2010 to 31 March 2014. The total segment loss over the last five financial years was approximately HK\$79.3 million. In view of such losses, it was reported in the Company's announcement results for the year ended 31 March 2014 and an announcement dated 10 July 2014 that management would temporarily from time to time suspend the production of the pharmaceutical operation as and whenever there are excess stock levels with a view to saving running costs. In June 2014, the Company has suspended the production temporarily pending stock clearance and improvement in market sales.

As reported in an announcement dated 10 October 2014, the Company resumed full operation of the Siping production plant since October 2014 as it considered the recovering marketing conditions and implemented new cost control policies such as reducing staff and raw material cost. However, notwithstanding such measures, as reported by the interim results announcement for the six months ended 30 September 2014 ("**Interim Results Announcement**"), the performance of the pharmaceuticals segment continued to decline as the revenue generated from the pharmaceutical segment decreased from approximately HK\$50.2 million for the six months ended 30 September 2013 to approximately HK\$28.1 million for the six months ended 30 September 2014 and the loss increased from approximately HK\$6.8 million for the six months ended 30 September 2013 to approximately HK\$16.2 million for the six months ended 30 September 2014. The Company has once again suspended its pharmaceuticals operations in Siping in February 2015 and, as reported in the announcements dated 13 February 2015 and 25 March 2015, and will continue to look for opportunity to dispose of the pharmaceutical operation.

Further to the financial deterioration of the pharmaceutical segment of the Group, as announced on 25 March 2015, on 25 February 2015 over 150 employees of Siping Ju Neng Medicine filed two claims against Siping Ju Neng Medicine in the Arbitration Court of the Siping City Labour Human Resources Disputes Arbitration Commission** (四平市勞動人事

爭議仲裁委員會) respectively (“**Arbitration Claims**”) for wages and benefit compensation in the sum totalling approximately RMB26.4 million. As the date of this announcement, the outcome of the Arbitration Claims is uncertain. Based on the information from the Company’s PRC legal adviser, save for Siping Ju Neng Medicine, the Company and its subsidiaries shall not be liable to any possible liabilities and obligations related to the Arbitration Claims.

It is the view of the Board that, (i) despite management’s attempt to control cost over the last few years, the Target Group continued to experience a significant material deterioration of its financial performance, and the intravenous fluid market is expected continually have intense competition, and (ii) the possible liability as a result of the Arbitration Claims and any possible subsequent actions, the existing pharmaceutical business of the Target Group is not expected to be a meaningful driver or contributor to the operating results of the Company going forward and the disposal of the Target Group will allow the Company reduce any future financial losses of the pharmaceutical business. The Company considers it timely to dispose of the existing manufacture and sales of pharmaceutical business to focus on developing its real estate business. The Disposal is timely to match the strategies of the Company to expand into the real estate sector in the PRC, in particular, in property investments in selected cities in the PRC to enhance the growth potentials of the Company.

The Directors considered that the Disposal represents a good opportunity for the Group to realise its investment in the Target Group. The Directors considered that the Disposal will allow the Group to focus on its other core businesses, including but not limited to, the property related business. Further, the sale proceeds of approximately HK\$37.5 million generated by the Disposal will provide additional working capital for the Group. Taking into account of the above, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP

The Company is an investment holding company and the subsidiaries of the Company are principally engaged in the manufacture and sales of pharmaceutical products, iron mining, securities investment and gold trading, and property investments.

Upon completion of the Disposal, the business of the remaining Group (excluding the Target Group) include, among others, (i) property development business at Dalian of the PRC, property investments in coffee shop and recreation playground at Hangzhou and other properties located at Yantian and Guangzhou in the PRC which are subject to completion of the acquisition; (ii) iron mining operation and trading in Indonesia; (iii) securities and gold trading. The total assets and net assets (before the Shareholder Loan) of the remaining Group based on the unaudited management accounts of the Company as at 30 September 2014 are approximately HK\$949.4 million and HK\$762.6 million respectively.

INFORMATION ABOUT THE VENDORS

The Vendors are each a company incorporated under the laws of British Virgin Islands and is a wholly-owned subsidiary of the Company which engages in investment holding.

INFORMATION ABOUT THE TARGET GROUP

The Target Company is an investment holding company, which has two wholly-owned subsidiaries, Silver Epoch Investments and Value Brilliant Investments, both investment holding companies, and one indirect wholly owned subsidiary, Siping Ju Neng Medicine, a company engages in the manufacture and sales of pharmaceutical products.

The following is the financial information of the Target Group for the years ended 31 March 2013 and 2014 and the six months ended 30 September 2014, respectively.

The unaudited loss before and after tax of the Target Group for the respective periods were as follows:

	For the year ended 31 March 2013	For the year ended 31 March 2014	For the six months ended 30 September 2014
	<i>(HK\$' 000)</i>	<i>(HK\$' 000)</i>	<i>(HK\$' 000)</i>
	(unaudited)	(unaudited)	(unaudited)
Net loss before taxation	(16,243)	(18,966)	(18,361)
Net loss after taxation	(16,243)	(18,966)	(18,361)
Net liability value	307,008	325,256	343,599

INFORMATION ON THE PURCHASER

The Purchaser is Pan Guohua** (潘國華) and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is a merchant with experience in property related business and an Independent Third Party.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Based on the carrying amount of the investment in the Target Group and the Sale Loan as at 28 February 2015, the Group estimates that the expected net gain from the Disposal (after deducting the related transaction costs) will be approximately HK\$50.62 million (including the exchange reserve adjustment of approximately HK\$30.16 million). Based on the carrying amount of the investment in the Target Group and the Sale Loan as at 28 February 2015 (taking into account of the possible revaluation gain on the fixed assets and property of the Target Group of approximately HK\$60 million), the Group estimates that the expected net loss from the Disposal (after deducting the related transaction costs) will be approximately HK\$9.3 million (including the exchange reserve adjustment of approximately HK\$30.16 million). The Directors consider that the Disposal will not have any significant adverse effect on the financial position of the Group.

The net proceeds from the Disposal of approximately HK\$37 million will be applied as general working capital and as funds for future development of the Group when investment opportunities arise. Accordingly, the Disposal will enable the Group to further invest in its core business, increase its working capital, and will improve the liquidity and strengthen the overall financial position of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Disposal are 75% or more, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the announcement and Shareholders' approval requirements.

A circular containing, among other matters, further details of the Disposal, the financial information of the Target Group and the notice for SGM will be despatched to the Shareholders as soon as practicable. As additional time is required to prepare and finalise the information for inclusion in the circular, it is expected that the circular will be despatched on or before 5 June 2015.

WARNING

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RESUMPTION OF TRADING

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DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“China Value”	China Value Assets Limited, a company incorporated under the laws of British Virgin Islands and is a wholly-owned subsidiary of the Company

“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the sum of RMB30,000,000 (equivalent to approximately HK\$37,500,000), being the total consideration payable by the Purchaser to the Vendors for the Sale Shares and the Shareholder Loan
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and Shareholder Loan to the Purchaser by the Vendors pursuant to the terms of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons, and are not connected persons of the Company or any of its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merit Development”	Merit Development Limited, a company incorporated under the laws of British Virgin Islands and is a wholly-owned subsidiary of the Company
“Parties	collectively, the Vendors and the Purchaser; and a Party shall be construed accordingly

“PRC”	the People’s Republic of China
“Purchaser”	Pan Guohua** (潘國華), an Independent Third Party
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 April 2015 entered into between the Purchaser and the Vendors in respect of the Sale Shares and the Shareholder Loan
“Sale Shares”	means 2 issued and fully paid shares of the Target Company, representing the entire issued share capital of the Target Company
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.25 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder Loan”	the non-interest bearing shareholder’s loan outstanding and owed by the Target Group to the Vendors at the Completion which amounted to approximately HK\$376.9 million as at the date of this announcement
“Silver Epoch Investments”	Silver Epoch Investments Limited, a company incorporated under the laws of British Virgin Islands and a wholly-owned subsidiary of the Target Company
“Siping Ju Neng Medicine”	Siping Ju Neng Medicine Industry Company Limited, a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Billion Source Investments Limited, a company incorporated under the laws of British Virgin Islands
“Target Group”	the Target Company and its subsidiaries
“Value Brilliant Investments”	Value Brilliant Investments Limited, a company incorporated under the laws of British Virgin Islands and a wholly-owned subsidiary of the Target Company
“Vendors”	collectively, Merit Development and China Value
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
Asia Resources Holdings Limited
Huang Yilin
Chairman

Hong Kong, 15 April 2015

As at the date of this announcement, the Board consists of four executive Directors, Mr. Huang Yilin, Mr. Lin Chengdong, Mr. Chan Shi Yin, Keith and Mr. Mo Tsz Yuk; and three independent non-executive Directors, Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ho Chun Kit, Gregory.

*** The English names of PRC persons or entities mentioned in this announcement and marked with the “**” are translation or transliteration from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.*

For the purpose of illustration only and unless otherwise stated, conversion of RMB to HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.25. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.