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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 ACQUISITION AND CONNECTED TRANSACTION FURTHER SUPPLEMENTAL AGREEMENT IN RELATION TO TERMINATION OF THE ACQUISITION OF PROPERTIES AND RESUMPTION OF TRADING

Reference is made to the 2017 Announcement, the Termination Announcement, the Company's announcements dated 1 November 2019, 29 April 2020 and 8 May 2020 (collectively, the "**Announcements**"), the 2018 Circular and the circular dated 6 February 2020 (collectively, the "**Circulars**") respectively in relation to Refund Amount arising for the termination of the acquisition of Properties.

THE FURTHER SUPPLEMENTAL AGREEMENT

On 24 April 2019, the Vendor and the Purchaser have entered into the Termination Agreement. On 1 November 2019, the Purchaser and Mr. Li Yuguo entered into the Supplemental Agreement, pursuant to which, Mr. Li Yuguo agreed to repay the Refund Amount and the related compensation and interests to the Purchaser. The Purchaser agreed to extend the repayment date to 24 April 2020, with an interest rate of 5.25% per annum. On 22 January 2020 and 27 February 2020, the Purchaser and Mr. Li Yuguo entered into written agreements to extend the long stop date to 29 February 2020 and 15 March 2020 respectively. The Supplemental Agreement was approved by the independent shareholders at the special general meeting of the Company held on 3 March 2020. Mr. Li failed to repay in full the Refund Amount, the related compensation and the interests up to the Extended Repayment Deadline, i.e. 24 April 2020. On 8 May 2020, the Company has set up a Special Committee to handle the repayment and/or the recovery of the Refund Amount.

On 3 July 2020, the Purchaser and Mr. Li Yuguo entered into the Further Supplemental Agreement, pursuant to which, Mr. Li agreed to repay the Purchaser the Outstanding Sum (as defined below) in the following manner: (a) 10% of the Outstanding Sum shall be repaid on or before 2 January 2021; and (b) 90% of the Outstanding Sum together with the interest to be accrued on the Outstanding Sum at an interest rate of 10% per annum shall be repaid on or before 2 July 2021.

IMPLICATIONS OF THE LISTING RULES

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Li Yuguo is a substantial Shareholder holding approximately 29.80% of the issued share capital of the Company as at the date of this announcement, the chairman and an executive Director of the Company. Accordingly, Mr. Li Yuguo is a connected person of the Company under Chapter 14A of the Listing Rules and the Further Supplemental Agreement constitutes a connected transaction, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Chapter 14 of the Listing Rules in respect of the Further Supplemental Agreement exceeds 100%, the Further Supplemental Agreement constitutes a very substantial acquisition of the Company, and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Further Supplemental Agreement and the transactions contemplated thereunder. Mr. Li Yuguo and its associates will abstain from voting on the resolution approving the Further Supplemental Agreement and the transaction contemplated thereunder at the SGM.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether the terms of the Further Supplemental Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the SGM to approve the Further Supplemental Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Further Supplemental Agreement, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Further Supplemental Agreement; (iii) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Further Supplemental Agreement; (iv) a notice convening the SGM; and (v) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 August 2020 since more time is needed to incorporate the required information into the circular.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 6 July 2020 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 July 2020.

INTRODUCTION

Reference is made to the 2017 Announcement, the Termination Announcement, the Company's announcements dated 1 November 2019, 29 April 2020 and 8 May 2020 (collectively, the "**Announcements**"), the 2018 Circular and the circular dated 6 February 2020 (collectively, the "**Circulars**") respectively in relation to Refund Amount arising for the termination of the acquisition of Properties.

On 24 April 2019, the Vendor and the Purchaser have entered into the Termination Agreement. On 1 November 2019, the Purchaser and Mr. Li Yuguo entered into the Supplemental Agreement, pursuant to which, Mr. Li Yuguo agreed to repay the Refund Amount and the related compensation and interests to the Purchaser. The Purchaser agreed to extend the repayment date to 24 April 2020, with an interest rate of 5.25% per annum.

On 22 January 2020 and 27 February 2020, the Purchaser and Mr. Li Yuguo entered into written agreements to extend the long stop date to 29 February 2020 and 15 March 2020 respectively. The Supplemental Agreement was approved by the independent shareholders at the special general meeting of the Company held on 3 March 2020. Mr. Li Yuguo failed to repay in full the Refund Amount, the related compensation and the interests up to the Extended Repayment Deadline, i.e. 24 April 2020. On 8 May 2020, the Company has set up a Special Committee to handle the repayment and/or the recovery of the Refund Amount.

After several negotiations between the Special Committee and Mr. Li, on 3 July 2020, the Purchaser and Mr. Li Yuguo entered into the Further Supplemental Agreement, pursuant to which, Mr. Li agreed to repay the Outstanding Sum (as defined below) in the following manner: (a) 10% of the Outstanding Sum shall be repaid on or before 2 January 2021; and (b) 90% of the Outstanding Sum together with the interest to be accrued on the Outstanding Sum at an interest rate of 10% per annum shall be repaid on or before 2 July 2021.

THE FURTHER SUPPLEMENTAL AGREEMENT

Date: 3 July 2020

Parties: (1) the Purchaser

(2) Mr. Li Yuguo

The Purchaser is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Li Yuguo is a substantial Shareholder holding approximately 29.80% of the issued share capital of the Company as at the date of this announcement, the chairman and an executive Director of the Company. Accordingly, Mr. Li Yuguo is a connected person of the Company under Chapter 14A of the Listing Rules.

TERMS

1. In view of the termination of the Sale and Purchase Agreement, the Supplemental Agreement and the subsequent supplemental agreements in relation to the extension of the long stop date, Mr. Li agreed to repay the outstanding sum in the aggregate sum of RMB599,854,946.61 which comprised of: (1) the Refund Amount of RMB562,500,000; (2) 2% of the Refund Amount amounting to RMB11,250,000 as monetary compensation; (3) interest in the sum of RMB15,076,270.14 at the interest rate of 5.25% per annum accrued from 25 October 2019 to 24 April 2020; (4) interests in the sum of RMB11,028,676.47 at the interest rate of 10% per annum accrued from 25 April 2020 to 2 July 2020. Up to the date of the Further Supplemental Agreement, Mr. Li Yuguo has repaid a sum of RMB15,076,270.14. The remaining outstanding amount in the sum of RMB584,778,676.47 (the "**Outstanding Sum**") shall be paid in the following manner:
 - a. 10% of the Outstanding Sum in the sum of RMB58,477,867.65 to be repaid on or before 2 January 2021; and
 - b. the remaining 90% of the Outstanding Sum in the sum of RMB526,300,808.82 together with the interest to be accrued on the Outstanding Sum from 3 July 2020 onwards at an interest rate of 10% per annum shall be repaid on or before 2 July 2021.

2. Mr. Li Yuguo agrees and undertakes that if he breaches the Further Supplemental Agreement by failing to pay the Outstanding Sum by the Further Extended Repayment Deadline, he shall pay the Purchaser damages to be calculated on a daily basis at an interest rate of 15% per annum on the outstanding amount payable to the Purchaser at the Further Extended Payment Deadline, until the Outstanding Sum and the related damages are fully repaid.

The interest rate is determined based on arm's length negotiations with reference to the prevailing market interest rate.

CONDITIONS PRECEDENT FOR THE FURTHER SUPPLEMENTAL AGREEMENT

The Further Supplemental Agreement shall be conditional upon the following conditions precedent:

1. the Company having complied with the requirements under the Listing Rules in respect of the transactions contemplated in Further Supplemental Agreement and the transactions contemplated thereunder; and
2. the Purchaser and the Company having obtained all approvals in respect of the Further Supplemental Agreement and the transactions contemplated thereunder (including but not limited to the approvals of the Board and Independent Shareholders).

If any of the above conditions precedent have not been fulfilled or waived on or before the Long Stop Date, Mr. Li Yuguo shall repay the Purchaser the Outstanding Sum immediately.

INFORMATION ABOUT THE COMPANY, THE GROUP AND THE PURCHASER

The Company is an investment holding company.

The Group is principally engaged in (i) water business; (ii) securities and other trading business; and (iii) property investment.

The Purchaser is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE FURTHER SUPPLEMENTAL AGREEMENT

The management of the Company and the Special Committee has taken several factors into account before entering into the Further Supplemental Agreement which included: (1) the drop in the property value in the PRC; (2) the economic challenges attributable to the COVID-19 pandemic; (3) the continued trade dispute between the United States and the PRC; (4) the current cash flow of Mr. Li Yuguo which was affected by the aforesaid factors; and (5) the partial repayment made by, and the continued communication with, Mr. Li Yuguo indicating the sincerity of Mr. Li Yuguo to fulfill his obligations under the Termination Agreement and the Supplemental Agreement.

The management of the Company is of the view that the further extension of the repayment deadline is the best alternative for the Termination Agreement and the Supplemental Agreement among: (1) taking legal actions against Mr. Li Yuguo for the breach of the Termination Agreement and the Supplemental Agreement; (2) enforcing the Securities which Mr. Li Yuguo has provided; and (3) allowing a further extension of the repayment schedule.

The management of the Company and the Special Committee believe that the initiation of a court proceeding against Mr. Li Yuguo will bring certain side impacts to the Company including but not limited to: (1) resulting in a negative image on the Company; (2) additional costs would be incurred; (3) extra time and other resources would be expended for court proceedings; (4) the uncertainties involved in the outcome of the court proceedings; and (5) a potential disruption on the daily operation of the Company as Mr. Li Yuguo is the Chairman and an executive Director.

The management of the Company considers that the Securities provided by Mr. Li Yuguo is commercially comparable to the value of the Outstanding Sum. If Mr. Li Yuguo fails to repay the Outstanding Sum by the Further Extended Repayment Deadline, the Company will be at its discretion to take control over the Securities and may resell it to the market for the recovery of the Outstanding Sum. Since some of the assets which are covered by the Securities are located in Hong Kong instead of Mainland China, and the laws of Hong Kong are the applicable laws of the relevant security documents, it will be easier for the Company to enforce such securities as Hong Kong is the legal system which the Directors are more familiar and confident with.

The management of the Company and the Special Committee have also considered the possibility of the enforcement of the Securities provided by Mr. Li Yuguo at the moment. However, despite the effort of the Company to seek for potential investor and due to the recent adverse market conditions and the significant value of the assets subject to the Securities involved, the outcome was negative.

The main business of Mr. Li Yuguo is property investment in the PRC which includes the sale and purchase and the leasing of properties. The recent property market in the PRC has affected the cash flow of Mr. Li Yuguo due to the drop in the property price and the amount of rentals received by Mr. Li Yuguo.

In addition, the travel restrictions were imposed and parts of the PRC were placed under lockdown due to the COVID-19 pandemic in the first half of 2020. People were restricted from travel outside and the property showrooms and the sales office operated by the company of Mr. Li Yuguo were not opened. As a result, no one would be able to purchase property, causing the main business of Mr. Li Yuguo suspended and severely affected Mr. Li Yuguo's cash flow.

Given the fact that the spread of COVID-19 pandemic in the PRC is relieving, the travel restrictions in the PRC have been lifted and the business in the PRC is resuming and the main business of Mr. Li Yuguo has been improving steadily. The Company believes that it is justifiable to give reasonable additional time for Mr. Li Yuguo to recover his cash flow and repay the Company the Outstanding Sum.

The management of the Company considered that the interest for the Outstanding Sum should be set at not less than the default rate of the Termination Agreement and the Supplemental Agreement as the Company, including the Special Committee, is of the view that Mr. Li Yuguo has been in default in certain agreements. After negotiations between the parties, the interest rate for the Further Supplemental Agreement has been set at 10% per annum which was the default rate of the Supplemental Agreement and was considered to be commercially fair and reasonable.

The management of the Company and the Special Committee are confident that Mr. Li Yuguo would be able to duly repay in accordance with the aforesaid repayment schedule as the management of the Company and the Special Committee are persuaded by Mr. Li Yuguo that the business of Mr. Li Yuguo has been resuming as a result of the loosening of the COVID-19 restriction in the PRC. The recent part payment of Mr. Li Yuguo also indicates his willingness to repay the Outstanding Sum.

Further, the management of the Company currently expects the interest and the compensation derived in the Further Supplemental Agreement is an attractive opportunity for the Company to generate an interest income for the Group under the prevailing adverse market condition.

In view of the above, the Board (excluding the independent non-executive Directors whose views will be rendered after considering the recommendation from the independent financial adviser of the Company) considers that the Further Supplemental Agreement has been entered into on normal commercial terms and the terms thereto are fair and reasonable and the Further Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

Mr. Li Yuguo, the Director who has a material interest in the Further Supplemental Agreement by virtue of his shareholding interests in the Company, has abstained from voting on the board resolutions approving the Further Supplemental Agreement and the transactions contemplated thereunder.

IMPLICATIONS OF THE LISTING RULES

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Li Yuguo is a substantial Shareholder holding approximately 29.80% of the issued share capital of the Company as at the date of this announcement, the chairman and an executive Director of the Company. Accordingly, Mr. Li Yuguo is a connected person of the Company under Chapter 14A of the Listing Rules and the Further Supplemental Agreement constitutes a connected transaction, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Chapter 14 of the Listing Rules in respect of the Further Supplemental Agreement exceeds 100%, the Further Supplemental Agreement constitutes a very substantial acquisition of the Company, and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The voting in respect of the Further Supplemental Agreement at the SGM will be conducted by way of poll. Mr. Li Yuguo and his associates are required to abstain from voting in respect of the resolution(s) approving the Further Supplemental Agreement at the SGM.

Save for the aforesaid and to the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no other Shareholder has a material interest in the Further Supplemental Agreement and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the Further Supplemental Agreement at the SGM.

GENERAL

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether the terms of the Further Supplemental Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the SGM to approve the Further Supplemental Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Further Supplemental Agreement and the transactions contemplated thereunder. Mr. Li Yuguo and his associates will abstain from voting on the resolutions approving the Further Supplemental Agreement and the transaction contemplated thereunder at the SGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Further Supplemental Agreement, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Further Supplemental Agreement; (iii) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Further Supplemental Agreement; (iv) a notice convening the SGM; and (v) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 August 2020 since more time is needed to incorporate the required information into the circular.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 6 July 2020 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 July 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“2017 Announcement”	an announcement of the Company dated 12 October 2017 in relation to, among others, the Acquisition of Properties
“2018 Circular”	a circular of the Company dated 22 January 2018 made on the Stock Exchange in relation to major and connected transaction – Acquisition of Properties and notice of special general meeting
“Acquisition”	the acquisition of the Properties by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement and the transactions contemplated thereunder
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Building T3”	the 35-storey building, under the Shenyang Commodity Housing Pre-sale Contract No. 16122, on 46 Nanjing North Street which is part of the land situated at Shifu Main Road, Heping District, Shenyang City, Liaoning Province, PRC (reference number of 011652204-2)
“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange (Stock Code: 899)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extended Repayment Deadline”	24 April 2020
“Further Extended Repayment Deadline”	2 July 2021

“Group”	the Company and its subsidiaries from time to time
“HK\$”	the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Ba Junyu, Mr. Zhu Xueyi and Mr. Wong Chung Man, formed to advise the Independent Shareholders as to the Further Supplemental Agreement
“Independent Shareholders”	Shareholders other than Mr. Li Yuguo and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2020 or such other date as the Purchaser and the Vendor may agree in writing
“PRC”	the People’s Republic of China for the sole purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the Properties comprise Floors 7 to 35 of Building T3 under the Shenyang Commodity Housing Pre-sale Contract No. 16122
“Purchaser”	Asiaciti Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Refund Amount”	the full amount of RMB562,500,000 paid by the Purchaser to the Vendor according to the Sale and Purchase Agreement
“RMB”	the lawful currency for the time being of PRC
“Sale and Purchase Agreement”	the agreement dated 12 October 2017 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Properties

“Securities”	collectively:
	<ul style="list-style-type: none"> a. the share charge over 80% shares in Hong Kong Spring Water Ding Dong Group Company Limited; and b. the debenture in respect of the fixed and floating charges over present and future assets of Mr. Li Yuguo (or his corporate vehicles) in Hong Kong
“SGM”	a special general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Further Supplemental Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of par value of HK \$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	a supplemental agreement dated 1 November 2019 between the Vendor and the Purchaser in relation to the Termination Agreement
“Termination Agreement”	a termination agreement dated 24 April 2019 entered into between the Vendor and the Purchaser in relation to the termination of the Sale and Purchase Agreement
“Termination Announcement”	an announcement of the Company dated 24 April 2019 made on the Stock Exchange in relation to the termination of the Acquisition

“Vendor” 遼寧京豐置業有限公司, a company incorporated in the PRC with limited liability

“%” percentage

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

Hong Kong, 7 July 2020

As at the date of this announcement, the Board consists of three executive directors, Mr. Li Yuguo, Mr. Liu Yan Chee James and Ms. Guo Yumei; two non-executive directors, Mr. Yang Xiaoqiang and Mr. Huang Yilin; and three independent non-executive directors, Mr. Ba Junyu, Mr. Zhu Xueyi and Mr. Wong Chung Man.

* *For identification purpose only*