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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)

MAJOR TRANSACTION

ACQUISITION OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 31 January 2022 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Vendor and the Target Company entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, 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. The Target Company, through Suzhou Shunjie and Shuzhou Menglian, indirectly holds the Property situated in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction 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.

WARNING

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO CONDITIONS TO BE SATISFIED, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT BE COMPLETED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING OR CONTEMPLATING DEALING IN THE SECURITIES OF THE COMPANY.

THE AGREEMENT

The Board is pleased to announce that on 31 January 2022 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Vendor and the Target Company entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, 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. The Target Company, through Suzhou Shunjie and Suzhou Menglian, indirectly holds the Property situated in the PRC.

Details of the Agreement are set out below:

Date

31 January 2022 (after trading hours)

Parties

- (1) World Kingdom Worldwide Limited, a direct wholly-owned subsidiary of the Company, as the Purchaser;
- (2) Kwong Wing Yee, as the Vendor; and
- (3) the Target Company.

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

Subject matter

The Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, 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 become a wholly-owned subsidiary indirectly held by the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

There is no restriction on subsequent sale of the Sale Shares.

Consideration

The Total Consideration for the Acquisition shall be RMB376,000,000 (equivalent to approximately HK\$458,720,000), which shall be payable by the Purchaser in the following manner:

- (a) RMB37,600,000 (equivalent to approximately HK\$45,872,000) shall be paid within 14 days after Completion;
- (b) RMB338,400,000 (equivalent to approximately HK\$412,848,000) shall be paid to the Vendor within 6 months after Completion;

provided that if the Target Company or its subsidiaries have any liability that has not been disclosed to the Purchaser on or before the date of the Agreement, the Purchaser has the right to deduct the equivalent amount from the Total Consideration. The Vendor agrees not to raise any claim or proceedings regarding such deduction.

The Total Consideration will be settled by the internal resources of the Purchaser.

Basis of the Consideration

The Total Consideration was determined after arm's length negotiations between the Purchaser and the Vendor taking into account a number of factors including but not limited to (i) the unaudited consolidated net assets of the Target Company as at 31 December 2021 being approximately HK\$10,369,000); (ii) the appraised market value of the Property as at 31 December 2021 in the aggregate amount of RMB650,000,000 (equivalent to approximately HK\$793,000,000), based on an independent professional valuation; (iii) the location and conditions of the Property, and the rental income which may be generated from the Property.

Conditions Precedent

Completion of the Agreement is conditional upon the satisfaction of the following conditions precedent:

- (a) compliance by the Purchaser and the Company of all requirements under the Listing Rules in respect of the transactions contemplated in the Agreement and the obtaining of all approvals from the Stock Exchange and other regulatory authorities and/or governmental departments (including Shareholders' approval) required under the Listing Rules and the applicable laws;
- (b) completion of the due diligence on the legal, financial, business, litigation and assets of the Target Company by the Purchaser with satisfactory results in all respects;

- (c) the warranties given by the Vendor as set out in the Agreement remain true and accurate in all material respects;
- (d) there is no material adverse change in the Target Company and its subsidiaries; and
- (e) no title issues on the Property have been identified and the valuation of the Property is not less than RMB650,000,000.

The Purchaser may waive the conditions as set out in paragraphs (b) to (e) above. If any of the conditions has not been satisfied within 4 months from the date of the Agreement (or such other date as the Vendor and the Purchaser may agree in writing), either the Vendor 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 all conditions precedent, Completion shall take place on the third Business Day following the date of the satisfaction or waiver of all the conditions precedent of the Agreement (or such other date as the Vendor and the Purchases may agree in writing).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been seeking investment opportunities from time to time with a view to diversify and enhance its asset portfolio, broaden its sources of income and accelerate further growth of the Group as a whole. The Property represents an excellent opportunity for the Group to invest in the property market in the PRC.

Taking into account the location of the Property in the PRC, the Property is expected to lease out for rental income and may have potential appreciation in value in the long run. The Property will be held as an investment property by the Group.

Taking into consideration the reasons for and benefits of the Acquisition 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 therein, including the Total Consideration, 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 Acquisition nor were required to abstain from voting on the relevant resolution(s) of the Board.

INFORMATION ON THE PARTIES AND THE TARGET COMPANY

Information on the Company 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 development and investment business.

The Purchaser is principally engaged in investment holding.

Information on the Vendor

The Vendor is a merchant.

Information on the Target Company and the Property

The Target Company is an investment holding company incorporated under the laws of Hong Kong with limited liability, whose main asset is the entire equity interest of Suzhou Shunjie, which holds Suzhou Menglian. Suzhou Menglian holds the Property.

The Property is comprised of several buildings that occupies a total land parcel area of approximately 20,841 square metres and buildings construction area of approximately 14,798 square metres.

Financial Information of the Target Company

The following unaudited financial information is extracted from the management accounts of the Target Company compiled in accordance with the generally accepted accounting principles of Hong Kong:

	31 December 2021	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue	29,540	1,435
Profit/(Loss) before tax	14,382	(585)
Profit/(Loss) after tax	10,785	(585)

The unaudited consolidated net assets of the Target Company as at 31 December 2021 were approximately HK\$10,369,000.

The above financial information of the Target Company was provided by the Vendor and is subject to the audited financial information of the Target Company and its subsidiaries, which is not yet available as at the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction 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.

SGM

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder. To the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Agreement and therefore no Shareholder is required to abstain from voting on the proposed resolution(s) approving the Agreement at the SGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Agreement, (ii) a notice convening the SGM; and (iii) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 28 February 2022 since more time is needed to incorporate the required information into the circular.

WARNING

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO CONDITIONS TO BE SATISFIED, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT BE COMPLETED, ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING OR CONTEMPLATING DEALING IN THE SECURITIES OF THE COMPANY.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares in, and the Shareholder’s Loan advanced to, the Target Company by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 31 January 2022 entered into between the Purchaser, the Vendor and the Target Company in respect of the Acquisition
“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
“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 Acquisition in accordance with the terms and conditions of the Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“Property”	the property located at 中國江蘇省蘇州市外五涇弄6號 (6 Waiwujingnong, Suzhou, Jiangsu, the PRC)* with several buildings with total construction area of approximately 14,798 square metres together with the land parcel with a total area of approximately 20,841 square metres
“Purchaser”	World Kingdom Worldwide Limited (國京環球有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Sale Shares”	10,000 shares in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement
“SGM”	a special general meeting of the Company to be held 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 Vendor to the Target Company (if any)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Menglian”	蘇州蒙戀南庭文化發展有限公司 (Suzhou Menglian Nanting Cultural Development Company Limited)*, a company established in the PRC and a wholly-owned subsidiary of Suzhou Shunjie

* For identification purpose only

“Suzhou Shunjie”	蘇州舜捷經貿有限公司 (Suzhou Shunjie Trade and Commerce Company Limited)*, a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Target Company
“Target Company”	Shun Jie International Holdings Company Limited (舜捷國際控股有限公司), a company incorporated under the laws of Hong Kong with limited liability, which is wholly owned by Kwong Wing Yee as at the date of this announcement
“Total Consideration”	RMB376,000,000 (equivalent to approximately HK\$458,720,000), being the consideration payable by the Purchaser to the Vendor under the Agreement
“Vendor”	Kwong Wing Yee, being the sole shareholder of the Target Company as at the date of this announcement
“%”	per cent.

In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “percentage ratio(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

For illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the following exchange rate: RMB1 = HK\$1.22.

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

Hong Kong, 31 January 2022

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.

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