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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 DISPOSAL OF THE TARGET COMPANY

THE DISPOSAL

The Board is pleased to announce that on 27 April 2023 (after trading hours), the Company, the Purchaser and the Target Company entered into the Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire, 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 Group will cease to hold any equity interest in the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal 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.

The SGM will be convened and held for the Shareholders to consider, and if thought fit, to 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 other Shareholder is required to abstain from voting on the proposed resolution(s) approving the Agreement at the SGM.

* *For identification purpose only*

A circular containing, among other things, (i) further information of the Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the SGM, is expected to be despatched to the Shareholders on or before 31 May 2023 as more time is required to incorporate the relevant information into the circular.

WARNING

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE DISPOSAL IS SUBJECT TO CONDITION TO BE SATISFIED, AND CONSEQUENTLY THE DISPOSAL 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 27 April 2023 (after trading hours), the Company, the Purchaser and the Target Company entered into the Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire, 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.

Details of the Agreement are set out below:

Date

27 April 2023 (after trading hours)

Parties

- (1) The Company, as the vendor;
- (2) Mao Yuzhen, as the Purchaser; and
- (3) the Target Company.

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

Subject matter

The Company agreed to sell, and the Purchaser agreed to acquire, 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 cease to be a wholly-owned subsidiary and the financial results of the Target Company will not be consolidated into the financial statements of the Group.

Consideration

The Total Consideration for the Disposal shall be RMB150,000,000 (equivalent to approximately HK\$170,100,000), which shall be payable by the Purchaser in the following manner:

- (a) RMB1,500,000 (equivalent to approximately HK\$1,701,000) shall be paid to the Company as deposit (the "**Deposit**") within 14 days after date of the Agreement;
- (b) RMB148,500,000 (equivalent to approximately HK\$168,399,000) shall be paid to the Company within 18 months after the date on which the condition precedent is satisfied.

Basis of the Consideration

The Total Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to, among others, (i) the unaudited consolidated net liabilities (including the Shareholders' Loan) of the Target Company as at 28 February 2023, being approximately HK\$100,242,000 and the unaudited consolidated net assets value (excluding the Shareholders' Loan) of the Target Company as at 28 February 2023, being approximately HK\$231,290,000; (ii) the appraised market value of the Target Company as at 28 February 2023 in the aggregate amount of RMB158,000,000 (equivalent to approximately HK\$179,172,000), based on an independent professional valuation; (iii) the current adverse market conditions and property market sentiments; and (iv) the factors as set out in the paragraph headed "Reasons For and Benefits of Disposal" below.

The Company agreed to a period of 18 months for payment of the remaining balance of the Total Consideration because (i) the Group has been looking for potential purchaser of the Target Group and its underlying assets for a long time and those assets did not generate any revenue for the Group so far, (ii) the Purchaser was the only party who expressed interest in acquiring the Target Group and (iii) the economic condition and the property market in the PRC are uncertain in the near future and it would be in the interest of the Company to secure a purchaser and lock the sale price of the Target Group.

The Group has also discussed with the Purchaser and understood that, given the significant amount of the Total Consideration and the outbreak of COVID-19 during the past few years, she will need some time to arrange and collect the cash necessary for the completion of the deal. The Group has obtained the asset proof from the Purchaser and considered the Purchaser had the capability to honour her payment obligations under the Agreement.

In light of the above, and taking into account the Purchaser will also pay the Deposit to the Company and the Company shall be entitled to forfeit the Deposit in the event that the Purchaser fails to complete the deal after the Company has satisfied the conditions precedent as set out in the paragraph headed “Conditions Precedent” below, the Board considers that the settlement arrangement is in the interest of the Company and its shareholders as a whole.

Conditions Precedent

Completion of the Agreement is conditional upon compliance by the Company of all requirements under the Listing Rules in respect of the transactions contemplated in the Agreement.

If the condition has not been satisfied within 6 months from the date of the Agreement, either the Company 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 the condition precedent, Completion shall take place within 18 months from the date on which the condition precedent is satisfied (or such other date as the Company and the Purchaser may agree).

Upon completion, the Shareholder’s Loans will be assigned to the Purchaser and the Target Company will owe the Shareholder’s Loan to the Purchaser but not the Group. The Group will be no longer entitled to the repayment of the Shareholder’s Loan after Completion. The Purchaser shall deal with the Target Company themselves as far as the Shareholder’s Loan is concerned.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has continuously endeavoured to enhance its asset portfolio in order to create long-term value for the Company and its shareholders. The properties which are currently held by the Target Group comprises naming right, advertising right, a single-storey building located at Block 2 and 76 units located at Block 1 of Jimma Creative Industry Park, which is situated at Depot No. 2, 3rd Road and Shenyang Road Interact, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC. The Group entered into the acquisition agreement on 24 June 2014, the supplemental agreement on 15 April 2015, the second supplemental agreement on 12 July 2016, the third supplemental agreement on 17 May 2017 and the fourth supplemental agreement on 3 May 2018 to purchase the properties. The vendor of the properties shall register the title of the properties under the name of the Group. As at the date of this announcement, the Group has obtained physical possession of the property but still has not received the building ownership certificates. The Company has engaged a PRC law firm to negotiate with the vendor of the properties to resolve the matter. However, the vendor did not provide a concrete reason as to why the certificates could not be obtained nor a timeline as to when such certificates were available. Despite repeated effort of the Group, the Directors consider that there is no certain timeline under which such certificates could be obtained. Absence of building ownership certificate prevents the Group from leasing the same to potential tenants, which in turn seriously affected the investment returns of the Group.

The property market in the PRC has remained stagnant during the past few years. The Group has been trying to look for potential buyers in order to acquire the underlying idle assets of the Target Company. As at the date of this announcement, only the Purchaser expressed interest to acquire the same and the Directors consider that this would constitute a good opportunity for the Group to realize the investment. The Directors consider that, given there is a willing buyer, it would be in the interest of the Company to dispose of the Target Company and the Disposal represents a valuable opportunity for the Company to realise the value of the Target Company at a favourable price. The proceeds to be received from the Disposal will allow the Group to be well positioned and equipped to identify and capture other investment opportunities, which may include mines, real properties and other commercial development of projects relating to the principal activities of the Group, and the remaining proceeds will be used for working capital of the Group.

The Group is expected to record an unaudited loss of approximately HK\$61,190,000 from the Disposal, which is estimated based on the consideration to be received by the Group for the Disposal (i.e. RMB150,000,000 (equivalent to approximately HK\$170,100,000)) less the net assets value of the Target Company (excluding the Shareholder's Loan) as at 28 February 2023 before the impairment made for the year ended 31 March 2023 and any related expenses. The actual amount of loss on the Disposal to be recorded by the Group will depend on the net carrying value of the Target Company as at the date of Completion, which may be different from the amount mentioned above and will be subject to the review and final audit by the auditors of the Company.

As mentioned above, the Target Company was in a net liabilities position if the Shareholder's Loan was taken into account. If the Shareholder's Loan was not taken into account, the Target Company was in a net assets position. The amount of the Consideration has already taken into account the amount of Shareholder's Loan and the Group will no longer be entitled to the repayment of the Shareholder's Loan after Completion. Taking into consideration the reasons for and benefits of the Disposal 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 thereunder, including the Total Consideration, which have been reached after arm's length negotiations among the parties, 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 Disposal 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 Group

The Company is an investment holding company.

The Group is principally engaged in (i) water business and (ii) property development and investment business.

Information on the Purchaser

The Purchaser is a merchant and is currently operating a number of businesses of substantial values, including a construction and decoration materials company and a freshwater aquaculture base. She is also the chairman of a trading company in Jiangsu Province, the PRC.

Information on the Target Company and the property owned by it

The Target Company is a company incorporated under the laws of the British Virgin Islands with limited liability, whose main asset is the entire equity interest of Skyfair, Asia Enterprise, Shengyi Information, Shenzhen Dingshengguan, which hold naming right, advertising right, a single-storey building located at Block 2 (with a total gross floor area of approximately 4,957 square metres) and 76 units located at Block 1 (with a total gross floor area of approximately 14,099 square metres) of Jimma Creative Industry Park, which is situated at Depot No. 2, 3rd Road and Shenyang Road Interact, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC.

Financial Information of the Target Company

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

	For the year ended 31 March		For the eleven months ended
	2021	2022	28 February
	HK\$'000	HK\$'000	2023
	(Audited)	(Audited)	(Unaudited)
Revenue	–	–	–
Profit/(Loss) before tax	4,263	(89,777)	(702)
Profit/(Loss) after tax	4,263	(89,777)	(702)

The unaudited consolidated net assets value (excluding the Shareholders' Loan) of the Target Company as at 28 February 2023 were approximately HK\$231,290,000.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal 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 other 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 31 May 2023 as more time is required to incorporate the relevant 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 28 April 2023 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 3 May 2023.

WARNING

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE DISPOSAL IS SUBJECT TO CONDITION TO BE SATISFIED, AND CONSEQUENTLY THE DISPOSAL 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.

“Agreement”	the sale and purchase agreement dated 27 April 2023 entered into between the Company, the Purchaser and the Target Company in respect of the Disposal
“Asia Enterprise”	亞洲企業管理(深圳)有限公司 (Asia Enterprise Management (Shenzhen) Co., Ltd.)* a company established in the PRC and a wholly-owned subsidiary of Skyfair
“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 Disposal in accordance with the terms and conditions of the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares in, and the Shareholder’s Loan advanced to, the Target Company by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
“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

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“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, which for the purpose of this announcement only excludes Hong Kong, Macau and Taiwan
“Purchaser”	Mao Yuzhen (毛玉珍), a merchant
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	1 share 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 Company to the Target Group (if any), the amount of which was HK\$331,533,527.58 as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shengyi Information”	晟奕信息諮詢(深圳)有限公司 (Shengyi Information Consulting (Shenzhen) Co., Ltd.)* a company established in the PRC and a wholly-owned subsidiary of Skyfair
“Shenzhen Dingshengguan”	深圳市鼎晟冠實業發展有限公司 (Shenzhen Dingshengguan Industrial Development Co., Ltd.)* a company established in the PRC and a wholly-owned subsidiary of Shengyi Information

* For identification purpose only

“Skyfair”	Skyfair Investment Ltd. 僑輝投資有限公司, a wholly foreign-owned enterprise established in Hong Kong and a wholly-owned subsidiary of the Target Company
“Target Company”	Century Strong Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is wholly owned by the Company as at the date of this announcement
“Target Group”	comprises Target Company, Skyfair, Asia Enterprise, Shengyi Information and Shenzhen Dingshengguan
“Total Consideration”	RMB150,000,000 (equivalent to approximately HK\$170,100,000), being the consideration payable by the Purchaser to the Company under the Agreement
“%”	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\$1.134.

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

Hong Kong, 2 May 2023

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.