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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)

Executive Directors:

Zhang Cheng (*Chairman*)
Lin Dong
Feng Xiang Cai

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

Ngai Sau Chung, Howard
Jiang Guoan
Lin Ye

*Principal place of business
in Hong Kong:*

Unit 3404
Bank of America Tower
12 Harcourt Road
Hong Kong

31 July, 2006

To the shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND TO ISSUE
SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
PROPOSED AMENDMENTS TO BYE-LAWS**

INTRODUCTION

It is proposed that at the forthcoming annual general meeting of Asia Resources Holdings Limited (the “Company”) to be held at Luxembourg Room I, 3rd Floor, Regal

* *For identification purposes only*

Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 25 August, 2006 at 9:30 a.m. (the “Annual General Meeting”), the following resolutions will be proposed at the Annual General Meeting:

Ordinary Resolutions:

- (i) a general mandate to allot, issue and deal with new shares or convertible securities or similar rights to subscribe for any shares or convertible securities of the Company representing up to 20 percent of the aggregate nominal amount of the share capital in issue as at the date of the passing of this ordinary resolution;
- (ii) a general mandate to repurchase fully paid shares of the Company up to a maximum of 10 percent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this ordinary resolution; and
- (iii) re-election of retiring directors.

Special Resolution:

To amend the Bye-laws of the Company.

This circular contains the explanatory statement in compliance with the Listing Rules and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the ordinary resolutions to approve the purchase by the Company of its own shares.

1. REPURCHASE MANDATE

Exercise of the Repurchase Mandate

Exercise in full of the repurchase mandate (on the basis of 1,411,440,590 shares of HK\$0.05 each in issue as at 24 July, 2006 (the “Latest Practicable Date”)) would result in up to 141,144,059 shares being repurchased by the Company on the basis no further shares are issued or repurchased prior to passing of the resolution.

Reasons for the Repurchase

The Directors consider that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors the flexibility to repurchase shares of the Company in the market when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or its earnings per share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders.

Funding Repurchases

In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Bermuda and the Memorandum of Association and Bye-laws of the Company.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 March, 2006) in the event that the proposed repurchase mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

Share Prices

The highest and lowest prices at which the shares of the Company traded on the Stock Exchange during each of the previous twelve months from July 2005 to June 2006 were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
July	1.90	1.56
August	1.83	1.03
September	2.05	1.18
October	1.85	1.36
November	1.45	1.20
December	1.54	1.10
2006		
January	1.43	1.10
February	1.15	0.91
March	1.09	0.75
April	1.10	1.10
May	0.98	0.80
June	0.80	0.55

General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell shares to the Company or its subsidiaries in the event that the proposed mandates is approved by shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases mandate in accordance with the Listing Rules and the laws of Bermuda.

If as a result of the repurchase by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the persons who were, directly or indirectly, interested or had short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong) or, was directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any members of the Group were as follows:

Name of Shareholder	Number of Shares	Shareholding percentage
Mr. Wu Yong (<i>Note a</i>)	852,000,000	60.36%
Ms. Zhang Cheng (<i>Note a</i>)	852,000,000	60.36%
Guardwell Investments Limited (<i>Note a</i>)	420,000,000	29.75%
Eagle Asia Investments Limited (<i>Note a</i>)	232,000,000	16.44%
Eagle China Investments Limited (<i>Note a</i>)	200,000,000	14.17%
Ms. Wang Jin Song (<i>Note b</i>)	129,380,827	9.17%
Ankeen Enterprises Limited (<i>Note b</i>)	129,380,827	9.17%
Shenzhen Neptunus Group Co., Ltd (<i>Note b</i>)	129,380,827	9.17%
Shenzhen Neptunus Health Drugstore Co., Ltd. (<i>Note b</i>)	129,380,827	9.17%
Hong Kong Neptunus Health Drugstore Limited (<i>Note b</i>)	129,380,827	9.17%
Advance Year Company Inc. (<i>Note b</i>)	129,380,827	9.17%
Landstar Investments Limited (<i>Note b</i>)	129,380,827	9.17%
Industrial Bank Co., Ltd. Shenzhen Bagualing Sub-branch (“Industrial Bank”) (<i>Note c</i>)	129,380,827	9.17%
China Life Trustees Limited (<i>Note d</i>)	100,000,000	7.08%
China Life Insurance (Overseas) Co. Ltd. Hong Kong Branch (<i>Note d</i>)	100,000,000	7.08%

Notes:

- a. Mr. Wu Yong beneficially owns and controls Guardwell Investments Limited (“Guardwell”), Eagle Asia Investments Limited (“Eagle Asia”) and Eagle China Investments Limited (“Eagle China”). Ms. Zhang Cheng, the chairman and executive director of the Company, is the wife of Mr. Wu Yong. Mr. Wu Yong and Ms. Zhang Cheng are deemed to be interested in 852,000,000 shares through Guardwell, Eagle Asia and Eagle China.
- b. Ms. Wang Jin Song (“Ms. Wang”) beneficially owns 85% interests in Ankeen Enterprises Limited (“AEL”). AEL beneficially owns 41.93% interests in Shenzhen Neptunus Group Co., Ltd. (“SNGCL”). SNGCL beneficially owns 86% interests in Shenzhen Neptunus Health Drugstore Co., Limited (“SNHDCL”). SNHDCL beneficially owns 100% interests in Hong Kong Neptunus Health Drugstore Limited (“HKNHDL”). HKNHDL beneficially owns 100% interest in Advance Year Company Inc. (“AYCI”). AYCI beneficially owns 100% interests in Landstar Investments Limited (“LIL”)

Ms. Wang, AEL, SNGCL, SNHDCL, HKNHDL and AYCI are deemed to be interested in the 9.17% shares held by LIL.
- c. Industrial Bank is deemed to be interested in the 129,380,827 shares as LIL has pledged its shares to Industrial Bank.

- d. China Life Trustees Limited is accustomed to act in accordance with directions of China Life Insurance (Overseas) Co. Ltd, Hong Kong Branch which is deemed to be interested in the shares held by China Life Trustees Limited.

In the event that the Directors should exercise in full the power to repurchase shares which is proposed to be granted pursuant to the resolution to be proposed at the Annual General Meeting, the aggregate shareholding of Guardwell, Eagle Asia and Eagle China in the Company would be increased from approximately 60.36 percent to approximately 67.07 percent of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any purchase made under the Share Repurchase Mandate. The Directors consider that such increase will not result in the number of shares which are in the hands of the public being reduced to less than 25 percent.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell the shares to the Company, or has undertaken not to do so in the event that the Repurchase Mandate is approved by the shareholders.

Neither the Company nor any of its subsidiaries has purchased any of the Company's securities in the past six months from the Latest Practicable Date.

2. RE-ELECTION OF RETIRING DIRECTORS

In accordance with the Company's Bye-laws, Ms. Zhang Cheng ("Ms. Zhang"), Mr. Ngai Sau Chung, Howard ("Mr. Ngai"), Mr. Jiang Guoan ("Mr. Jiang") and Mr. Lin Ye ("Mr. Lin") will be retired from office by rotation and be eligible for re-election at the Annual General Meeting. Details of Ms. Zhang, Mr. Ngai, Mr. Jiang and Mr. Lin are set out as follows:–

Ms. Zhang, aged 48, was appointed as Executive Director and Chairman of the Company in April 2003. Ms. Zhang is responsible for the formulation of corporate strategy and the overall direction for the Group. Ms. Zhang holds a Master of Science degree from University of Manitoba, Canada and a Master of Science degree from Beijing University of Science and Technology, the People Republic of China ("PRC"). She joined the Group in 2003 and has over 23 years experience in project investments, real estate development and investment and mechanical engineering field.

Ms. Zhang is the wife of Mr. Wu Yong. Mr. Wu Yong beneficially owns and controls Guardwell, Eagle Asia and Eagle China, all are the controlling shareholders holding 420,000,000 shares, 232,000,000 shares and 200,000,000 shares respectively of the Company. Mr. Wu Yong through Guardwell, Eagle Asia and Eagle China holding 852,000,000 shares, representing 60.36% interest in the Company.

Save as disclosed above, Ms. Zhang does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. There is no information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Ngai, aged 39, was appointed as Independent Non-executive Director, members of audit committee and remuneration committee of the Company in September 2005. Mr. Ngai is currently the Head of Corporate Finance Department of Mirant Asia-Pacific Limited which

is the Asia Regional Office of a power generating company namely Mirant Corporation. Mr. Ngai is a Certified Public Accountant of Washington State of Board of Accountancy and the member of American Institute of Certified Public Accountants. Mr. Ngai holds a Bachelor Degree of Accountancy from Concordia University, Canada and a Master Degree in Economics from Murry State University, USA. Mr. Ngai had held managerial positions in various American and Japanese financial institutions and has over 15 years experience in international corporate finance, project finance, trade finance, insurance, risk management and project administration.

Mr. Jiang, aged 59, was appointed as Independent Non-executive Director, members of audit committee and remuneration committee of the Company in April 2006. Mr. Jiang is the chief executive officer of China Huali Holding Group Co., Ltd. ("China Huali"). He has extensive business experience in the PRC and is in charge of the real estate, medical services and energy section of China Huali. Mr. Jiang attended the People of China Artillery Polytechnic (中國人民解放軍炮兵工程學院). He has over 8 years of experience in real estate, property development and construction industry in the PRC. Mr. Jiang was an executive director and chairman of the board of First Dragoncom Agro-Strategy Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited and resigned in 2006.

Mr. Lin, aged 50, was appointed as Independent Non-executive Director, members of audit committee and remuneration committee of the Company in July 2006. Mr. Lin is currently the general manager of the Strategic and Development Department of China Overseas Holdings Limited. He graduated from the Harbin University of Civil Engineering and Architecture and obtained his Master Degree in Economics from the Nankai University, and a PhD degree from the Remin University of China and possesses the title of Senior Economist in China. He was the general manager of the Strategic Planning Department of the Sinochem Corporation from 1991 to 2003. Mr. Lin has 15 years' experience in the management and coordination of foreign trade, construction and real estate business.

Save as disclosed above, Each of Ms. Zhang, Mr. Ngai, Mr. Jiang and Mr. Lin has not held any directorship in any listed companies in Hong Kong during the past three years, and has not previously held any position with the Company or its subsidiaries.

Each of Ms. Zhang, Mr. Ngai, Mr. Jiang and Mr. Lin has not entered into any service contract with the Company. Ms. Zhang, Mr. Ngai, Mr. Jiang and Mr. Lin have no designated length of service and they will be subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the provisions of the Bye-laws of the Company. The director's fee of each of Ms. Zhang, Mr. Ngai, Mr. Jiang and Mr. Lin will be determined by the Board as authorized by the shareholders at the annual general meeting of the Company with reference to their duties and responsibility of the Company.

Each of Mr. Ngai, Mr. Jiang and Mr. Lin does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company nor have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is no information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

There is no other matters concerning each of Ms. Zhang, Mr. Ngai, Mr. Jiang and Mr. Lin that need to be brought to the attention of the shareholders of the Company.

3. AMENDMENTS TO BYE-LAWS

The proposed amendment to be made to the Bye-laws are as follows:

- (a) by deleting the existing Bye-law 86(2) in its entirety and substituting therefor the following:

“86. (2) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in General Meeting. Any Director so appointed by the Board shall hold office only (in the case of filling a casual vacancy) until the next following annual general meeting or the first general meeting after the appointment of the Director by the Board of the Company or (in the case of an addition to the Board) until the next following annual general meeting of the Company, and shall be eligible for re-election at that meeting. The Directors to retire at the annual general meeting pursuant to this Bye-law 86(2) shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at the annual general meeting.”.

RECOMMENDATION

The Directors are of the opinion that granting of the general mandate to issue and repurchase shares, the re-election of retiring director and the amendments to Bye-laws of the Company are all in the interest of the Company and so recommend you to vote in favour of the resolutions at the Annual General Meeting.

Pursuant to the Bye-laws, a poll may be declared in relation to any resolution put to the vote of the Annual General Meeting before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

PROXY FORM

A form of proxy for use at the Annual General Meeting is enclosed with the 2006 Annual Report. Whether or not the Shareholders are able to attend the meeting, you are requested to complete and return the enclosed form of proxy to the Company at Unit 3404, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof in person if so wish.

Yours faithfully,
For and on behalf of the Board
Zhang Cheng
Chairman