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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 INVOLVING ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE NOTE AND RESUMPTION OF TRADING

Financial adviser to the Company



KINGSTON CORPORATE FINANCE LIMITED

THE ACQUISITION AGREEMENT

The Board is pleased to announce that after trading hours on 22 December 2009, the Company (as purchaser) entered into the Acquisition Agreement with Tain Wei Limited (as vendor) and Mr. Ma Hing Chun (as guarantor) pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share for a consideration of HK\$700,000,000. The Sale Share represents the entire issued share capital of the Target Company as at Completion.

* *For identification purposes only*

The Consideration shall be satisfied upon Completion by the Company:

- (i) as to HK\$560,000,000, by issuing the Convertible Note to the Vendor or its nominee(s); and
- (ii) as to HK\$140,000,000, by allotting and issuing 560,000,000 Consideration Shares to the Vendor or its nominee(s).

The Company has also undertaken to the Vendor that, for the period commencing from the date of Completion to 31 December 2010, the Company will provide Shenghua, together with the other shareholder of Shenghua and in proportion to their respective shareholdings in Shenghua, an aggregate sum of not less than RMB60,000,000 but not more than RMB100,000,000 to fund the construction of certain production facilities.

The Vendor and the Guarantor jointly and severally guarantee to the Company that, subject to the terms of the Acquisition Agreement, the Net Profit for the financial year ending 31 December 2011 shall not be less than RMB70,000,000.

Completion is subject to the fulfillment or waiver of certain conditions precedent as set out in the section headed “Conditions Precedent” below.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Acquisition Agreement and the transactions contemplated thereunder, including but not limited to (i) the issue of the Convertible Note and (ii) the allotment and issue of the Conversion Shares are subject to the approval of the Shareholders by way of poll at the SGM.

A SGM will be convened and held to consider and, if thought fit, to approve (i) the Acquisition Agreement and the transactions contemplated thereunder, (ii) the grant of the specific mandate for the issue of the Consideration Shares; (iii) the issue of the Convertible Note; and (iv) the grant of specific mandate for the issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Note.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner, i.e. the Guarantor, and their respective associates does not hold any Shares as at the date of this announcement and no Shareholder has a material interest in the Acquisition other than its shareholding interest in the Shares, and accordingly no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, (i) further details of the Acquisition; (ii) information of the Target Group; (iii) financial information on the Target Group; (iv) the unaudited pro-forma financial information on the Group as enlarged by the Acquisition; (v) the valuation report on the fair market value of Shenghua to be prepared by a qualified independent valuer; and (vi) a notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

As the Acquisition is subject to the fulfillment of a number of conditions precedent, it may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 23 December 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 January 2010.

THE ACQUISITION AGREEMENT

Date: 22 December 2009

Parties:

Purchaser: the Company

Vendor: Tain Wei Limited

Guarantor: Mr. Ma Hing Chun

The Vendor is a company incorporated in the British Virgin Islands with limited liability. The Vendor is an investment holding company incorporated for the purpose of the Acquisition and has not carried out any business since its incorporation.

The Guarantor, being the ultimate beneficial owner of the Vendor, has guaranteed to the Company the due and punctual payment and performance of the Vendor under the Acquisition Agreement subject to and upon the terms and conditions of the Acquisition Agreement. The Guarantor is a merchant who also engages in property development projects.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner, i.e. the Guarantor, is third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules). There are no other prior and/or continuing businesses/ transactions entered into between each of the Vendor and the Guarantor, and the Company, its connected persons and associates.

Assets to be acquired

The Sale Share, being the entire issued share capital of the Target Company.

Details of the Target Group are set out in the section headed “Information of the Target Group and the Reorganization” in this announcement.

The Consideration

The Consideration payable by the Company to the Vendor for the Sale Share is HK\$700,000,000, which shall be satisfied, on the date of Completion, in the following manners:

- (i) as to HK\$560,000,000, by issuing the Convertible Note to the Vendor or its nominee(s);
and
- (ii) as to HK\$140,000,000, by allotting and issuing the Consideration Shares to the Vendor or its nominee(s) at the Issue Price.

The Consideration of HK\$700,000,000, which is equivalent to a price to earnings ratio of 8.8 times on the Guaranteed Profit (as defined below), was determined on normal commercial terms and arrived at after arm's length negotiation among the parties of the Acquisition Agreement after taking into consideration (i) that the Acquisition will enable the Group to gain access to the iron mining sector with an aim of broadening the income base of the Group; (ii) the business prospect of the Target Group; (iii) the potentially growing demand for iron resources in the future; (iv) the Guaranteed Profit; (v) the price to earnings ratios of other listed companies in Hong Kong engaging in similar business of the Target Group; and (vi) that no immediate cash outflow is required of the Company to finance the Acquisition as the Consideration will be entirely satisfied by the issue of Consideration Shares and the Convertible Note.

Based on the Guaranteed Profit, the consideration for the 70% of issued share capital of the Target Company represents a price to earnings ratio of approximately 8.8 times. Of the two identified listed comparable companies with similar line of business as the Target Group, the price to earnings ratios were approximately 25.8 times and 8.2 times. As such, the Consideration, which is equivalent to a price to earnings ratio of 8.8 times on the Guaranteed Profit, is at the lower end of the price to earnings ratios of the valid listed comparables.

In view of the above, the Board considers that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

Details of the Consideration Shares and the Convertible Note are set out below under the paragraphs headed "Consideration Shares" and "Convertible Note".

Conditions precedent

Completion is subject to and conditional upon the satisfaction or the waiver (as the case may be) of the following conditions:

- (i) the Company being satisfied in its absolute discretion with the results of the due diligence review in respect of, among other things, the Vendor, and the business, legal status and financial position of the Target Group;

- (ii) the Vendor having completed the Reorganisation in accordance with all applicable laws and regulations (including the PRC Company Law), and having obtained all necessary or appropriate approvals, authorisations, consents and licenses in relation to the Reorganisation from all relevant governmental or regulatory authorities, and the Reorganisation having complied with all registration and filing procedures;
- (iii) the Stock Exchange not deeming (a) the transactions contemplated under the Acquisition Agreement as a “reverse takeover” under Rule 14.06(6) of the Listing Rules and/or (b) the Company as a new listing applicant under Rule 14.54 of the Listing Rules;
- (iv) having obtained all necessary or appropriate approvals, authorisations, consents and licenses of the Company as a company listed on the Main Board, including but not limited to the approval of the Shareholders, and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;
- (v) having obtained all other necessary approvals, authorisations, consents and licenses, which may be required under any existing contractual arrangements of any members of the Target Group, the Vendor and/or the Guarantor for the consummation of the transactions contemplated under the Acquisition Agreement;
- (vi) where necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Conversion Shares;
- (vii) having obtained all necessary approvals, authorisations, consents and licenses, which may be required by any of the members of the Target Group, the Vendor and/or the Guarantor from any governmental or regulatory authorities for the consummation of the transactions contemplated under the Acquisition Agreement, and having satisfied all statutory requirements to which any of the members of the Target Group, the Vendor and/or the Guarantor may be required to comply with for the consummation of the transactions contemplated under the Acquisition Agreement;
- (viii) having obtained a legal opinion issued by the PRC lawyers nominated by the Purchaser confirming, among other things, the due fulfillment of condition (ii) above and the legal status of the Sale Share and the Target Group, the contents and substance of which shall be satisfactory to the Purchaser at its absolute discretion;

- (ix) having obtained a valuation report issued by an independent valuer nominated by the Purchaser confirming, among other things, that the value of Shenghua shall not be less than HK\$1,000,000,000, the contents and substance of which shall be satisfactory to the Purchaser at its absolute discretion; and
- (x) all representations and warranties given by the Vendor and the Guarantor remaining true and accurate in all respects and not misleading as if the representations and warranties are repeated by the Vendor and the Guarantor at all times from the date of the Acquisition Agreement to the date of Completion.

The Company may waive in whole or in part all or any of the conditions (other than condition (iii), (iv) and (vi)) as stated above. If any of the conditions as set out in the Acquisition Agreement is not fulfilled or waived on or before 31 March 2010 (or such later date as the Vendor and the Purchaser may agree), the Acquisition Agreement shall cease to have any effect.

Completion

Completion shall take place on the date falling on the fifth Business Day after the fulfillment or, where applicable, waiver of the conditions precedent to the Acquisition Agreement (or such other date as the Vendor and the Company may agree in writing).

Consideration Shares

Based on the Issue Price, an aggregate of 560,000,000 Consideration Shares would be allotted and issued, representing:

- (i) approximately 31.45% of the issued share capital of the Company as at the date of this announcement;
- (ii) approximately 23.93% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and
- (iii) approximately 12.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares, assuming full conversion of the Convertible Note at the Conversion Price.

The Consideration Shares, when allotted and issued, shall rank pari passu in all respects amongst themselves and with the Shares in issue on the date of allotment and issue of the Consideration Shares and be entitled to dividends and other rights carried by the Shares. There is no restriction on subsequent sale of the Consideration Shares.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

Convertible Note

Upon Completion, the Company will issue the Convertible Note in an aggregate principal amount of HK\$560,000,000 to the Vendor or its nominee(s). The 2,240,000,000 Conversion Shares to be allotted and issued at the Conversion Price, assuming full conversion of the Convertible Note represents:

- (i) approximately 125.80% of the issued share capital of the Company as at the date of this announcement;
- (ii) approximately 55.71% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares; and
- (iii) approximately 48.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares, assuming full conversion of the Convertible Note at the Conversion Price.

The Conversion Shares, when allotted and issued, shall rank pari passu in all respects amongst themselves and with the Shares in issue on the date of allotment and issue of the Conversion Shares and be entitled to dividends and other rights carried by the Shares. There is no restriction on subsequent sale of the Conversion Shares.

The principal terms of the Convertible Note are summarised as follows:

- Issuer: The Company
- Principal amount: HK\$560,000,000
- Maturity date: The date falling 3 years from the date of issue of the Convertible Note.
- Interest: The Convertible Note shall not bear any interest.
- Redemption: The Company may at any time before the maturity date of the Convertible Note, by serving at least 10 days' prior written notice on the holder of the Convertible Note with the total amount proposed to be redeemed from such holder specified therein, redeem the Convertible Note (in whole or in part) at 100% to the principal amount of the part of the Convertible Note to be redeemed. Any amount of the Convertible Note which is redeemed by the Company will forthwith be cancelled.
- The Company is not required, upon the maturity of the Convertible Note, to redeem or pay any outstanding principal amount of the Convertible Note.
- Conversion Price: HK\$0.25 per Conversion Share, subject to adjustments, provided that the Conversion Price shall not be less than the par value of the Shares. The adjustments for the Conversion Price include the followings:
- (i) an alternation of the nominal amount of the Share by reason of any consolidation or subdivision;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully-paid by way of capitalisation of profits and reserves (including any share premium account or capital redemption reserve fund);

- (iii) a capital distribution being made by the Company, whether on a reduction or otherwise, to Shareholders (in their capacity as such);
- (iv) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or grant of options or warrants to subscribe for or purchase any Shares, in each case at less than 90% of market price on the last dealing day preceding date of the announcement of the terms of the issue or grant;
- (v) an issue of any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all Shareholders as a class by way of rights, or grant of options or warrants to subscribe for or purchase any securities;
- (vi) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 90% of the market price on the date of announcement of the terms of the issue of such securities;
- (vii) a modification of the rights of conversion, exchange or subscription attaching to any securities so that the consideration per Share is less than 90% of the market price on the date of the announcement of the proposals for such modification; and
- (viii) where the Company and the holder of the Convertible Note considers that it would be appropriate for an adjustment to be made to the Conversion Price in the circumstances other than those referred to in (i) to (vii) above.

As at the date of this announcement, the Company has not identified the occurrence of any event which may result in the adjustment for the Conversion Price under the Convertible Note. Further announcement will be made by the Company in accordance with the Listing Rules if any event which will result in the adjustment for the Conversion Price occurs.

The Conversion Price may not be reduced so that, on conversion of the Convertible Note, Shares would fall to be issued at a discount to their par value.

Conversion:

No fraction of a Conversion Share shall be issued on conversion and no amount in lieu thereof shall be refunded to the holder of the Convertible Note. Any conversion shall be made in the amount of HK\$1,000,000 or the multiples thereof and if at any time, the outstanding principal amount of the Convertible Note shall be less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Note shall be convertible.

The Company shall not allot and issue Shares to the holder of the Convertible Note or shall such holder be permitted to convert the Convertible Note (or part thereof) if upon such allotment and issue or conversion (as the case may be), such holder and parties acting in concert with it shall be interested (whether directly or indirectly) in 29.90% or more of the then issued share capital of the Company at the date of the relevant exercise or cause the public float of the Company be unable to meet the requirements under the Listing Rules. If the conversion of the Convertible Note will result in the holder of the Convertible Note and the parties acting in concert with it being interested in 29.90% or more of the issued share capital of the Company or cause the public float of the Shares be unable to meet the requirements under the Listing Rules, the holder may only exercise its right of conversion after depositing part of the Shares then held by it.

- Transferability:** The Convertible Note may not be transferred unless prior written notice to that effect has been given to the Company and/or to such other party as may be designated and notified to the holder of the Convertible Note by the Company from time to time. The Convertible Note may not be transferred by its holder to any connected person (as defined in the Listing Rules) of the Company without prior written consent of the Company.
- Ranking:** The Conversion Shares, when allotted and issued, shall rank pari passu in all respects amongst themselves and with the Shares in issue on the date of allotment and issue of the Consideration Shares and be entitled to dividends and other rights carried by the Shares. There is no restriction on subsequent sale of the Conversion Shares.
- Status of the Convertible Note:** The Convertible Note constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and will rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
- Voting Rights:** The holder of the Convertible Note will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the holder of the Convertible Note.
- Application for Listing:** No application will be made by the Company for a listing of the Convertible Note. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

As at the date of this announcement, no convertible bonds or convertible securities have been issued by the Company. Please refer to the announcement of the Company in relation to, among other things, a very substantial acquisition involving the issue of zero coupon convertible non-redeemable note dated 3 November 2009 for details of the possible issue of the 7-year zero coupon convertible non-redeemable note in the principal amount of HK\$546,750,000 by the Company at a conversion price of HK\$0.22 per conversion share in favour of Empire Bridge Assets Limited upon completion of such very substantial acquisition of the Company.

Issue Price and Conversion Price

The Issue Price and Conversion Price of HK\$0.25 for each Consideration Share and each Conversion Share represent:

- (i) a discount of approximately 3.85% to the closing price of the Shares of HK\$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 5.30% to the average of the closing prices of the Shares of approximately HK\$0.264 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including Last Trading Day;
- (iii) a discount of approximately 11.35% to the average of the closing prices of the Shares of approximately HK\$0.282 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 5.66% to the average of the closing prices of the Shares of approximately HK\$0.265 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 11.61% to the unaudited net assets value per Share of approximately HK\$0.224 , which is calculated based on the unaudited net asset value of the Company of HK\$399,370,000 as at 30 September 2009 as stated in its interim result divided by its total number of issued shares of 1,780,600,590 as at the date of the Last Trading Day.

The Issue Price and Conversion Price were determined after arm's length negotiation among the parties to the Acquisition Agreement with reference to the recent trading price of the Shares and the recent market sentiment of the financial market in Hong Kong. The Directors consider that the Issue Price and Conversion Price are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

Profit Guarantee

The Vendor and the Guarantor jointly and severally guarantee to the Company that, subject to the terms of the Acquisition Agreement, the Net Profit for the financial year ended 31 December 2011 shall not be less than RMB70,000,000 (equivalent to approximately HK\$79,455,164.59) (the “Guaranteed Profit”). Taking an optimistic view on the upward trend of the market price of the fine iron powder, the Purchaser and the Vendor agreed that the profit guarantee for one year only is sufficient under normal commercial terms. The Directors consider that the profit guarantee is in the best interests of the Company and the Shareholders as a whole.

Although Shenghua recorded net losses in the previous two financial years, the Board considers that the prospect of Shenghua is promising and the profit guarantee jointly and severally provided by the Vendor and the Guarantor can be achieved, after taking into account that (i) the net losses recorded were mainly due to the substantial initial investment cost incurred and the sharp decrease of the market prices of the fine iron powder amid the global economic meltdown; (ii) the mainland natural resources industry will benefit directly from the global economic recovery; (iii) the demand for the fine iron powder will become increasingly robust and the market price of it will remain on the uptrend amid the strong growth in domestic consumption; and (iv) the capacity of the production of the fine iron powder will be enhanced significantly in 2011, as new production lines and auxiliary facilities will be constructed accordingly.

In the event that the actual Net Profit is less than the Guaranteed Profit, the Vendor and the Guarantor shall pay to the Company a total sum representing 8.8 times (representing a price to earnings ratio of approximately 8.8 times, which form the basis of the determination of the Consideration) of the difference between the Guaranteed Profit and the Net Profit in cash within 14 days upon receiving the audited consolidated accounts for financial year ending 31 December 2011. In the event that the Target Group incurs a consolidated net loss for the financial year ending 31 December 2011, the above formula for the determination of the amount to be paid by the Vendor and the Guarantor to the Company under the profit guarantee still applies.

Additional Undertakings

The Vendor and the Guarantor have jointly and severally undertaken to the Company that:

- (i) the Vendor and the Guarantor will indemnify the Company, the Target Group and their respective beneficial owners, employees and agents (“indemnified persons”) against any administrative penalties, payments or damages which may be incurred by the indemnified persons resulting from any non-compliance or partial non-compliance of any requirements under the PRC laws and regulations by Shenghua in relation to its operation and assets;

- (ii) within 5 years from the date of the Acquisition Agreement, the Vendor, the Guarantor and their respective subsidiaries and associated companies will not, directly or indirectly, engage in the Business, or solicit or engage employees of the Target Group, or provide any consultation, assistance or subsidy for the Business; and
- (iii) within 5 years from the date of the Acquisition Agreement, the Vendor and the Guarantor shall procure that all relevant licences, approvals and similar rights in relation to the operation of the Business and exploitation of iron ores by the Target Group be obtained and/or held by the Target Group, and the Vendor and Guarantor shall procure that all such licences, approvals and similar rights shall be renewed by all relevant governmental or regulatory authorities as they become due.

The Company has undertaken to the Vendor that, for the period commencing from the date of Completion to 31 December 2010, the Company will provide Shenghua, together with the other shareholder of Shenghua and in proportion to their respective shareholdings in Shenghua, an aggregate sum of not less than RMB60,000,000 but not more than RMB100,000,000 to fund the construction of certain production facilities. Such amount of capital shall be funded by way of (1) procuring a loan be advanced to Shenghua by commercial bank; and/or (2) providing shareholder's loan to Shenghua; and/or (3) increasing the registered capital of Shenghua; and/or (4) other means as may be agreed among the Company and other shareholder(s) of Shenghua.

The Consideration comprises the issue of Consideration Shares and the Convertible Note only, and there is no instant cash outflow by the Company to finance the Acquisition. Furthermore, the possible capital commitment of not less than RMB42 million but not more than RMB70 million by the Company will only be materialised should Shenghua fail to procure a borrowing from commercial banks or financial institutes. In that capacity, the Directors consider there is no immediate pressure on the Company's working capital in the short term but they will monitor any material changes in the working capital of the Company. After taking into account the possibility of both the previous acquisition and the Acquisition may proceed to completion, the Directors are satisfied with the sufficiency of the working capital and expertise in respect of the Company as a whole.

In the event that the Group is required to provide funding for Shenghua as mentioned above, such funds shall be financed by internal resources of the Group, bank borrowings, equity fund raising or a combination of any of them of which the Board considers as most appropriate and in the best interests of the Company under the then market condition. As at the date of this announcement, no detailed plans as to the allocation of any fund raising activities have been finalised by the Board. The Company will issue further announcement(s) and comply with the relevant Listing Rules as and when appropriate.

INFORMATION OF THE TARGET GROUP AND THE REORGANISATION

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 19 November 2009, the entire issued share capital of which is owned by the Vendor as at the date of the Acquisition Agreement. The Target Company is an investment holding company. As at the date of this announcement, the sole asset of the Target Company is the entire issued share capital of Top Wealthy (Hong Kong) Limited.

As a condition precedent to the Acquisition, the Target Company will undergo the Reorganisation whereby the Target Company will acquire (through its wholly-owned subsidiary) 70% equity interest in Shenghua.

Shenghua is a company established in the PRC with a registered capital of RMB10,000,000. It is principally engaged in the sale and purchase of fine iron powder, the exploitation of iron ores and magnetic separation of iron ores. Upon completion of the Reorganization, Shenghua will be owned as to 70% by Top Wealthy (Hong Kong) Limited and 30% by Mr. Jin Baohua (金保華). To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Mr. Jin is a third party independent of and not connected with the Company and its connected persons (as defined under the Listing Rules). There are no prior and/or continuing businesses/transactions entered into between Mr. Jin and the Company, its connected persons and associates.

Shenghua has been focusing on its development in the exploitation of iron ores in Ciyushan Village (茨榆山鄉) of the Qinglong Manzu Autonomous County (青龍滿族自治縣) in the Hebei province of the PRC since its establishment in 2007. It currently holds two mining licences which provide Shenghua with the rights to exploit in two iron mines in Ciyushan Village (茨榆山鄉) of the Qinglong Manzu Autonomous County (青龍滿族自治縣), Hebei province, the PRC. Major suppliers of Shenghua include utilities service providers in Qinhuangdao (秦皇島), the Hebei province and exploitation facilities suppliers in the Qinglong Manzu Autonomous County (青龍滿族自治縣), the Hebei province. Save for the mining licences and the exploitation facilities (including pipelines and miscellaneous iron processing facilities), Shenghua has no other material assets.

According to the two mining licences held by Shenghua, the area of the two iron mines in Ciyushan Village (茨榆山鄉) covered by the two mining licences are 0.704 and 1.2192 square kilometers with an annual output capacity of 250,000 tonnes and 50,000 tonnes of iron ores, respectively. Pursuant to the information provided by the Vendor, the two iron mines have commenced operations since early 2008. According to the Geological Exploration Examination Report of Babozi Iron Mines in the Qinglong Manzu Autonomous County (河北

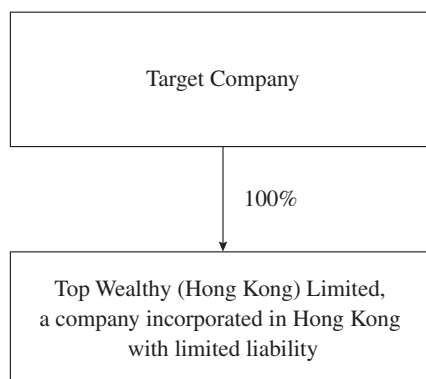
省青龍滿族自治縣八撥子鐵礦區地質普查報告), a technical assessment report prepared by Jinan Shenke Engineering Exploration Co. Ltd. (濟南深科工程勘察有限公司), a qualified PRC valuer, in December 2007 and the Detailed Report of the Yuncaishan Iron Mine in the Qinglong Manzu Autonomous County (河北省青龍滿族自治縣雲彩山鐵礦詳查報告), a technical assessment report prepared by of the Xinjiang Geological Institute of China Metallurgical Geology Bureau (中國冶金地質總局新疆地質勘查院) in June 2008, the two iron mines have reserves of approximately 15,068,600 tonnes and 96,970,900 tonnes of iron ores respectively. The aggregate production volume of the two iron mines was approximately 257,929 tonnes of iron ores for the financial year ended 31 December 2008.

Shenghua's major iron product is fine iron powder, and upon capital injection and enhancement of facilities, Shenghua expects to achieve an annual production volume of fine iron powder of 500,000 tonnes with an approximate average grading of over 60%, and 100,000 tonnes with an approximate average grading over 40%. A vast majority of the products of Shenghua were sold to the Hebei and Shangdong districts, the PRC.

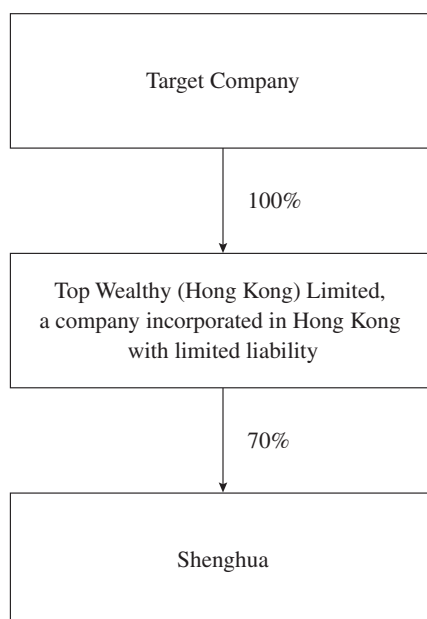
The mining licences of Shenghua in relation to the iron mines will expire in October 2012 and June 2012, respectively. As referred to in the paragraph headed "Additional Undertakings" in this announcement, the Vendor and the Guarantor have undertaken to the Company to procure, among other things, the renewal of all licences, approvals and similar rights by the relevant governmental or regulatory authorities.

Set out below are the charts showing the shareholding structures of the Target Group immediately before and after the Reorganization:

Shareholding structure of the Target Group as at the date of the Acquisition Agreement



Shareholding structure of the Target Group immediately after Reorganisation but prior to Completion



Financial information of the Target Group before Reorganisation

The Target Group has not conducted any businesses since its incorporation and has no major asset or operating business.

Financial information of Shenghua

Set out below is the unaudited financial information of Shenghua for the two years ended 31 December 2007 and 2008 which was prepared in accordance with the generally accepted accounting principles of the PRC as advised by the Vendor:

	For the year ended	
	31 December 2008	31 December 2007
	(unaudited)	(unaudited)
	<i>RMB</i>	<i>RMB</i>
Net loss before taxation	(13,367,000)	(1,303,000)
Net loss after taxation	(13,417,000)	(1,303,000)
Net loss after taxation and extraordinary items	(13,417,000)	(1,303,000)

	As at	
	31 December 2008 (unaudited) RMB	31 December 2007 (unaudited) RMB
Total assets	316,889,000	302,197,000
Total liabilities	(31,609,000)	(3,500,000)

According to the Vendor's representation, there was no long term liabilities incurred during 2008, and the difference between the total liabilities recorded on 31 December 2007 and 2008 is mainly because of the increment of advances due to group companies (approximately RMB19.3 million) and the accruals/other payables (RMB8.8 million).

The Vendor confirmed that no contingent liabilities were noted as at 31 October 2009.

Upon Completion, the Target Group, including Shenghua, will become subsidiaries of the Company and their results, assets and liabilities will be consolidated into the Group's financial statements.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in manufacturing and sale of pharmaceutical products and iron mining business.

The Group intends to broaden its revenue stream by further diversifying its business in to the mining sector. It is the strategy of the Group to develop its mineral business and to build an extensive mineral assets portfolio for long term investment. The Directors also expect that the Target Group will contribute to the consolidated cash flow and in come of the Group in the long run.

Based on the aforesaid, the Board is of the opinion that the terms of the Acquisition Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

As at the date of this announcement, the Board has no intention to discontinue the existing business of manufacturing and sales of pharmaceutical products, which contribute a steady source of income to the Group. However, the profit margin of the Group's existing business has been decreasing over the years. Therefore, the Board seeks to look for new business opportunities for the benefit of the Group's stakeholders. While the Board strives to keep its existing business afloat without investing further resources, the Board expects that the new business (i.e. the Target Group) will provide additional income for the Group after Completion.

BOARD COMPOSITION OF THE COMPANY

The Acquisition Agreement does not provide for any change to the composition of the Board after completion of the Acquisition. Any future change to the composition of the Board consequent to the Acquisition is subject to further negotiations between the parties to the Acquisition Agreement. The Company confirmed that there is no current intention to appoint any representative nominated by the Vendor as a Director.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the shareholding structure of the Company upon the allotment and issue of the Consideration Shares and the Conversion Shares under different scenarios are set out as follows:

	As at the date of this announcement		Immediately after allotment of the Consideration Shares		Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares, assuming full conversion of the Convertible Note (Note 2)		Immediately after the issue of the Consideration Shares and Conversion Shares, assuming the Convertible Note is converted in full to the extent that the Vendor being interested in not more than 29.90% of the issued share capital of the Company (Note 2)	
	No. of Shares	Approximate percentage of shareholding	No. of Shares	Approximate percentage of shareholding	No. of Shares	Approximate percentage of shareholding	No. of Shares	Approximate percentage of shareholding
Golden Mount Limited (Note 1)	150,000,000	8.42%	150,000,000	6.41%	150,000,000	3.27%	150,000,000	5.91%
Vendor	-	-	560,000,000	23.93%	2,800,000,000	61.13%	759,485,844	29.90%
Public Shareholders	1,630,600,590	91.58%	1,630,600,590	69.67%	1,630,600,590	35.60%	1,630,600,590	64.19%
Total	1,780,600,590	100.00%	2,340,600,590	100.00%	4,580,600,590	100.00%	2,540,086,434	100.00%

For illustration purpose only and subject to completion of the acquisition agreement as detailed in the Company's announcement dated 3 November 2009, taking into account of the proposed 7-year zero coupon convertible non-redeemable note in a principal amount up to HK\$546,750,000 to be issued by the Company at a conversion price of HK\$0.22 per conversion share in favour of Empire Bridge Assets Limited or its nominee(s) (the "Convertible Note (A)"), the shareholding structure of the Company upon the allotment and issue of the Consideration Shares, the Conversion Shares and the 2,485,227,272 new Shares to be issued upon exercise of the conversion rights attaching to the Convertible Note (A) (the "Conversion Shares (A)") under different scenarios are set out as follows:

	As at the date of this announcement		Immediately after allotment of the Consideration Shares		Immediately after the allotment and issue of the Consideration Shares, the Conversion Shares and the Conversion Shares (A), assuming full conversion of the Convertible Note and Convertible Note (A) (Note 3)		Immediately after the issue of the Consideration Shares and Conversion Shares and Conversion Shares (A), assuming the Convertible Note and Convertible Note (A) are converted in full to the extent that (i) the Vendor being interested in not more than 29.90% and (ii) Empire Bridge Assets Limited being interested in not more than 29.99% of the issued share capital of the Company (Note 3)	
	No. of Shares	Approximate percentage of shareholding	No. of Shares	Approximate percentage of shareholding	No. of Shares	Approximate percentage of shareholding	No. of Shares	Approximate percentage of shareholding
Golden Mount Limited (Note 1)	150,000,000	8.42%	150,000,000	6.41%	150,000,000	2.12%	150,000,000	3.38%
Vendor	-	-	560,000,000	23.93%	2,800,000,000	39.63%	1,327,347,077	29.90%
Empire Bridge Assets Limited (Note 4)	-	-	-	-	2,485,227,272	35.17%	1,331,343,890	29.99%
Public Shareholders	1,630,600,590	91.58%	1,630,600,590	69.67%	1,630,600,590	23.08%	1,630,600,590	36.73%
Total	1,780,600,590	100.00%	2,340,600,590	100.00%	7,065,827,862	100.00%	4,439,293,418	100.00%

Note:

1. Golden Mount is owned by Mr. Chim Pui Chung who is the father of Mr. Chim Kim Lun, Ricky, a Director.
2. For illustration purpose only, the holder of the Convertible Note shall only be entitled to exercise the conversion right attaching to the Convertible Note provided that any conversion of the Convertible Note will not result in the holder of the Convertible Note and the parties acting in concert with it/them being interested (whether directly or indirectly) in 29.90% or more of the then issued share capital of the Company or result in the holder of the Convertible Note and the parties acting in concert with it/them, when taken together, being interested (whether directly or indirectly) in such Shares which give rise to any mandatory general offer obligations under Rule 26 of the Takeovers Code or cause the public float of the Shares to be unable to meet the requirements under the Listing Rules.
3. For illustration purpose only, the holder of the Convertible Note (A) shall only be entitled to exercise the conversion right attaching to the Convertible Note (A) provided that any conversion of the Convertible Note (A) will not result in the holder of the Convertible Note (A) and the parties acting in concert with it/them being interested (whether directly or indirectly) in 29.99% or more of the then issued share capital of the Company and trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Note (A) and the parties acting in concert with it/them who exercised the conversion right, or cause the public float of the Shares to be unable to meet the requirements under the Listing Rules.
4. A company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by an independent third party.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Acquisition Agreement and the transactions contemplated thereunder, including, but not limited to (i) the issue of the Convertible Note and (ii) the allotment and issue of the Conversion Shares are subject to the approval of the Shareholders by way of poll at the SGM.

A SGM will be convened and held to consider and, if thought fit, to approve (i) the Acquisition Agreement and the transactions contemplated thereunder, (ii) the grant of the specific mandate for the issue of the Consideration Shares; (iii) the issue of the Convertible Note; and (iv) the grant of specific mandate for the issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Note.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner, i.e. the Guarantor, and their respective associates does not hold any Shares as the date of this announcement and no Shareholder has a material interest in the Acquisition other than its shareholding interest in the Shares, and accordingly no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, (i) further details of the Acquisition; (ii) information of the Target Group; (iii) financial information on the Target Group; (iv) the unaudited pro-forma financial information on the Group as enlarged by the Acquisition; (v) the valuation report on the fair market value of Shenghua to be prepared by a qualified independent valuer; and (vi) a notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

The valuation report on the fair market value of Shenghua will be prepared by BMI Appraisals Limited, a qualified independent valuer, by adopting the market approach.

As the Acquisition is subject to the fulfillment of a number of conditions precedent, it may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 23 December 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 January 2010.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Share by the Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 22 December 2009 and entered into between the Company, the Vendor and the Guarantor in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business”	the business engaged by Shenghua, including the sale and purchase of fine iron powder, the exploitation of iron ore and magnetic separation of iron ore
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which licensed banks are generally open to the public for business in Hong Kong
“Company” or “Purchaser”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition
“Consideration”	HK\$700,000,000, being the total consideration payable by the Company to the Vendor pursuant to the Acquisition Agreement

“Consideration Share(s)”	the 560,000,000 new Shares to be allotted and issued by the Company to the Vendor or its nominee(s) at the Issue Price upon Completion to satisfy part of the Consideration pursuant to the Acquisition Agreement
“Conversion Price”	the conversion price of HK\$0.25 per Conversion Share (subject to adjustment)
“Conversion Share(s)”	the 2,240,000,000 new Shares to be allotted and issued by the Company to the holders of the Convertible Note upon exercise of the conversion rights attaching to the Convertible Note at the Conversion Price
“Convertible Note”	the zero coupon convertible note in a principal amount of HK\$560,000,000 to be issued by the Company to the Vendor or its nominee(s) upon Completion to satisfy part of the Consideration pursuant to the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Ma Hing Chun
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	HK\$0.25 per Consideration Share
“Last Trading Day”	22 December 2009, being the last trading day on which the Shares were traded on the Stock Exchange prior to suspension of trading in the Shares pending the release of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Profit”	the consolidated net profit after tax of the Target Group as to be shown in its audited consolidated accounts for the financial year ending 31 December 2011 to be prepared by a qualified accountant firm according to the accounting standards in Hong Kong
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法) adopted at the Fifth Session of the Standing Committee of the Eighth National People’s Congress on 29 December 1993, which became effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reorganisation”	the acquisition to be undertaken by the Target Company to acquire (directly or indirectly) 70% equity interest in Shenghua
“Sale Share”	1 ordinary share of the Target Company with a par value of US\$1, representing the entire issued share capital of the Target Company
“SGM”	a special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving, among other things, (i) the Acquisition Agreement and the transactions contemplated thereunder, (ii) the grant of the specific mandate for the issue of the Consideration Shares; (iii) the issue of the Convertible Note; and (iv) the grant of specific mandate for the issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Note

“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shenghua”	Qinglong Manzu Autonomous County Shenghua Beifang Mining Company Limited* (青龍滿族自治縣盛華北方礦業有限公司), a company established in the PRC on 13 March 2007 with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Speed Up Worldwide Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Tain Wei Limited, a company incorporated in the British Virgin Islands with limited liability
“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
Chim Kim Lun, Ricky
Chairman

Hong Kong, 13 January 2010

As at the date of this announcement, the executive directors of the Company are Mr. Chim Kim Lun, Ricky, Mr. Chan Shun Yuen, Mr. Chan Sung Wai and Mr. Wong King Lam, Joseph, and the independent non-executive directors are Mr. Yiu Fai Ming, Mr. Zhang Xianlin and Mr. Tse Yuk Kong.

In this announcement, the English names of the PRC entities are translation of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

In this announcement, amounts denominated in RMB have been translated into HK\$ at the rate of RMB0.881 = HK\$1.000 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.