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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)

PROPOSED PLACING OF CONVERTIBLE NOTES

PLACING AGENT



KINGSTON SECURITIES LTD.

PROPOSED PLACING OF CONVERTIBLE NOTES

On 15 August 2013 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed to procure, on a best efforts basis, independent Placees to subscribe in cash for the Convertible Notes of up to an aggregate principal amount of HK\$535,500,000. Assuming the Convertible Notes are placed in full, the maximum gross proceeds from the placing of the Convertible Notes is HK\$535,500,000 and the maximum net proceeds from the placing of the Convertible Notes (after deducting the commission and other related expenses) are estimated to be approximately HK\$532,400,000. The net proceeds from the Convertible Notes will be used (i) as to approximately HK\$350,000,000 for potential future investments, including real estate projects; and (ii) the remaining amount for the general working capital of the Group and investment in any potential business opportunity, if any.

* For identification purposes only

The initial Conversion Price is HK\$0.35 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Notes). Assuming the Convertible Notes in an aggregate principal amount of HK\$535,500,000 are placed in full, and upon full conversion of the Convertible Notes, a maximum of 1,530,000,000 Conversion Shares will be issued, representing (i) approximately 566.67% of the existing issued share capital of the Company of 270,000,000 Shares; and (ii) approximately 85.00% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

Completion of the Placing is conditional upon fulfillment of the conditions precedent in the Placing Agreement.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder (including without limitation the allotment and issue of the Conversion Shares). A circular containing, among other things, (i) further details about the Placing Agreement and the transactions contemplated thereunder; and (ii) the notice convening the SGM, will be despatched by the Company to the Shareholders as soon as practicable.

Completion of the Placing is subject to, among others, the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 15 August 2013 (after trading hours)

Issuer: The Company

Placing Agent: Kingston Securities Limited

To the best of the information and knowledge of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are not connected persons of the Company and are independent of and not connected with the Company and its connected persons.

Pursuant to the Placing Agreement, the Company agreed to issue and the Placing Agent agreed to place, on a best effort basis, the Convertible Notes of an aggregate principal amount of up to HK\$535,500,000 at the issue price of 100% of the principal amount of the Convertible Notes. It is expected that the Convertible Notes will be placed to not fewer than six independent Placees who are not connected with the Company and its connected persons procured by the Placing Agent.

Conditions precedent of the Placing

Completion of the Placing is conditional upon fulfillment of the following conditions:

- (A) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of and permission to deal in the Conversion Shares which may be issued upon the exercise of the conversion rights attaching to the Convertible Notes;
- (B) the Company, having convened a special general meeting at which resolutions shall have been duly passed by the Shareholders to approve the Placing Agreement and the transactions contemplated thereunder (including without limitation to the allotment and issue of the Conversion Shares); and
- (C) (if necessary) the Bermuda Monetary Authority granting its permission to the allotment and issue of the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Notes.

If any of the above conditions precedent is not fulfilled on or prior to the 90th day from the date of the SGM (but not later than 31 January 2014 or such other date as the Placing Agent and the Company may agree in writing), the Placing Agreement shall have no effect and no party shall have any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Completion of the Placing

Subject to the fulfillment of the above conditions precedent and the Placing Agent's right to terminate the Placing Agreement as described under paragraph headed "Termination" below, completion of the Placing shall take place on the fifth (5th) Business Day after all the conditions precedent are satisfied in accordance with the Placing Agreement, or such other date as the Placing Agent and the Company may agree in writing.

Termination

If at any time on or prior to 9:00 a.m. on the date of completion of the Placing:

- (A) there develops, occurs or comes into force:
 - (I) any new law or regulation or any change in existing laws or regulations which in the absolute opinion of the Placing Agent has or is likely to have a material adverse effect on the business or financial or trading position or prospects of the Group; or
 - (II) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the absolute opinion of the Placing Agent is or may be materially adverse in the context of the Placing; or
 - (III) any significant change (whether or not permanent) in local, national or international market conditions which in the absolute opinion of the Placing Agent is or may be materially adverse in the context of the Placing or makes it inadvisable or inexpedient to proceed therewith; or
- (B) any breach (which is material in the absolute opinion of the Placing Agent) of any of the warranties and undertakings of the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the absolute opinion of the Placing Agent) of any other provision of the Placing Agreement; or
- (C) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days (save for the purposes of the clearing of the announcement(s) or circular(s) relating to the Placing Agreement, the placing of the Convertible Notes and/or any other ancillary agreements/matters,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 9:00 a.m. on the date of completion of the Placing.

In the event that the Placing Agent terminates the Placing Agreement due to the occurrence of any of the aforesaid event, all obligations of each of the Company and the Placing Agent under the Placing Agreement shall cease and determine and none of the Company and the Placing Agent shall have any claim against each other in respect of any matter arising out of or in connection with the Placing Agreement save for any breach arising prior to such termination.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are summarised below:

Issuer	The Company.
Principal amounts	HK\$535,500,000, comprising the Tranche 1 Notes with the principal amount of HK\$185,500,000 and the Tranche 2 Notes with the principal amount of HK\$350,000,000.
Interest	<p>The Tranche 1 Notes shall accrue no interest.</p> <p>The Tranche 2 Notes shall bear interest at a rate of 5% per annum from the date of issue payable semi-annually in arrears.</p>
Maturity date	The date falling on the second anniversary of the date of issue of the Convertible Notes.
Conversion price	The conversion price under the Placing Agreement, subject to the usual adjustment, is HK\$0.35 per Conversion Share. The conversion price of the Convertible Notes is subject to anti-dilution adjustment provisions which are standard terms for convertible securities of similar type. The anti-dilution adjustment events will arise as a result of certain change in the Shares including, inter alia, consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company.

Conversion rights

The conversion rights under the Tranche 1 Notes shall be exercisable during the conversion period commencing on the date of issue of the Convertible Notes and ending on the 3rd Business Day immediately preceding the maturity date.

The conversion rights under the Tranche 2 Notes shall be exercisable during the conversion period commencing on the date falling on the 90th day from the date of issue of the Tranche 2 Notes and ending on the 3rd Business Day immediately preceding the maturity date.

Upon the exercise of any conversion rights under the Convertible Notes, the Company will allot and issue such number of Conversion Shares in respect of which conversion rights are exercised provided that no conversion right may be exercised, to the extent that following such exercise (i) a holder of the Convertible Notes and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 20% or more of the entire issued share capital of the Company or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer, whichever is lower (the “**Maximum Limit**”), or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.

Pursuant to the terms and conditions of the Convertible Notes, any Convertible Note which remains outstanding by 4:00 p.m. (Hong Kong time) on the maturity date will be converted automatically into the Conversion Shares. However, there will not be any automatic conversion of the Convertible Notes at maturity if such conversion will result in (i) a holder of the Convertible Notes and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in the Maximum Limit or more of the entire issued share capital of the Company, or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules. All outstanding Convertible Notes which are not converted at the maturity date will be cancelled by the Company and fully waived without any cost or converted into the debt of the Company.

Status

The Convertible Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking pari passu and rateably without any preference among themselves, and with other direct, unconditional, unsubordinated and unsecured obligations of the Company.

Voting

The Convertible Notes do not confer any voting rights at any meetings of the Company.

Transferability

The Convertible Notes will be freely transferable provided that if the transfer is made to a connected person (as defined under the Listing Rules), such transfer shall comply with the requirements under the Listing Rules.

Based on the above and the reasons as set out in the section headed “Reasons for the Placing of the Convertible Notes and Use of Proceeds” below, the Directors (including the independent non-executive Directors) are of the view that the terms of the Convertible Notes are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares. Holders of the Conversion Shares will be entitled to receive all future dividends and distributions on or after the date of allotment and issue of the Conversion Shares.

Specific mandate

The Conversion Shares will be issued under a specific mandate proposed to be sought from the Shareholders at the SGM.

Application for listing

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Notes.

REASONS FOR THE PLACING OF THE CONVERTIBLE NOTES AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in manufacturing and sale of pharmaceutical products and iron mining business. The Directors have considered various fund raising methods and believe that taking into account the prevailing market condition, the Placing represents an opportunity for the Group to raise equity capital for its future development.

The Directors consider that the issue of the Convertible Notes will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders and, if the conversion rights attached to the Convertible Notes are exercised, the capital base of the Company will be enlarged.

Assuming the Convertible Notes are placed in full, the maximum gross proceeds from the placing of the Convertible Notes is HK\$535,500,000 and maximum net proceeds from the placing of the Convertible Notes (after deducting the commission and other related expenses) is estimated to be approximately HK\$532,400,000. Assuming the Convertible Notes are placed in full and converted into the Conversion Shares at the initial Conversion Price of HK\$0.35, the net proceeds raised per Conversion Share will be approximately HK\$0.348. The net proceeds from the Convertible Notes will be used (i) as to approximately HK\$350,000,000 for potential future investments, including real estate projects; and (ii) the remaining amount for the general working capital of the Group and investment in any potential business opportunity, if any.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months prior to the date of this announcement.

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
12 July 2013	Placing of new Shares	HK\$18,000,000	General working capital and/or to pursue suitable investment opportunities	Approximately HK\$3,200,000 was utilised as general working capital; and approximately HK\$800,000 was utilised as capital expenditures for the properties in Hangzhou as detailed in the Company's announcement dated 7 August 2012 and circular dated 12 September 2012

EFFECTS ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes (assuming there is no change in the existing shareholding of the Company).

Name	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes (for illustrative purpose only) (Note 3)	
	Number of Shares held directly or indirectly	Approximate percentage of the total issued share capital of the Company	Number of Shares held directly or indirectly	Approximate percentage of the total issued share capital of the Company
Cheung Kai Kwong (Note 1)	3,200,000	1.18%	3,200,000	0.18%
Yeung Yiu Bong, Anthony (Note 2)	840,000	0.31%	840,000	0.05%
Public shareholders	265,960,000	98.51%	265,960,000	14.77%
Placees	–	–	1,530,000,000	85.00%
Total	<u>270,000,000</u>	<u>100.00%</u>	<u>1,800,000,000</u>	<u>100.00%</u>

Notes:

- The Shares are registered in the name of Brave Admiral Limited, a company wholly-owned by Mr. Cheung Kai Kwong, a Director.
- The Shares are registered in the name of Fieldton Holdings Limited, a company wholly-owned by Mr. Yeung Yiu Bong Anthony, a Director.
- Under the terms and conditions of the Convertible Notes, no conversion right may be exercised to the extent that following such exercise (i) a holder of the Convertible Notes and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 20% or more of the entire issued share capital of the Company or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer, whichever is lower, or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.
- The Company will ensure that it will not be in breach of the minimum public float requirement under the Listing Rules.

GENERAL

A special general meeting of the Company will be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details about the Placing Agreement and the transactions contemplated thereunder; and (ii) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Director or Shareholder has a material interest in the placing of the Convertible Notes and no Shareholder is required to abstain from voting at the SGM.

Completion of the Placing is subject, among others, to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday, or days on which a typhoon signal No. 8 or black rainstorm signal is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the main board of the Stock Exchange
“Conversion Price”	initially HK\$0.35 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Notes)

“Conversion Share(s)”	the new Share(s) to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes
“Convertible Notes”	the Tranche 1 Notes and the Tranche 2 Notes
“Director(s)”	the director(s) of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the of Stock Exchange
“Placees”	any individual, corporation and/or institutional investors procured by the Placing Agent to subscribe for any of the Convertible Notes pursuant to the Placing Agreement
“Placing”	the placing of the Convertible Notes on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a placing agreement dated 15 August 2013 entered into between the Company and the Placing Agent in relation to the Placing
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider, and if thought fit, pass the resolution(s) to approve the Placing Agreement and the transaction contemplated thereunder (including without limitation the allotment and issue of the Conversion Shares)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tranche 1 Notes”	the first tranche of convertible notes in registered form comprising the zero coupon convertible notes in the principal amount of HK\$185,500,000 to be issued by the Company to the Placees pursuant to the Placing Agreement
“Tranche 2 Notes”	the second tranche of convertible notes in registered form comprising the 5% per annum coupon rate convertible notes in the principal amount of HK\$350,000,000 to be issued by the Company to the Placees pursuant to the Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board
Asia Resources Holdings Limited
Chim Kim Lun Ricky
Chairman

Hong Kong, 15 August 2013

As at the date of this announcement, the Board consists of three executive Directors, Mr. Chim Kim Lun Ricky, Mr. Cheung Kai Kwong and Mr. Yeung Yiu Bong Anthony; one non-executive Director, Mr. Tong Leung Sang; and three independent non-executive Directors, Mr. Zhang Xianlin, Mr. Lum Pak Sum and Mr. Kwok Hong Yee Jesse.