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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE PROPOSED PLACING OF CONVERTIBLE NOTES

PLACING AGENT



KINGSTON SECURITIES LTD.

Reference is made to the announcement of Asia Resources Holdings Limited dated 15 August 2013 (the “**Announcement**”) and the circular dated 16 September 2013 (the “**Circular**”) in relation to the proposed placing of Convertible Notes. Unless the context otherwise required, capitalised terms used herein shall have the same meanings as defined in the Circular.

The Board wishes to provide further information in respect of the terms of the Convertible Notes, reasons for the Placing of the Convertible Notes and the use of proceeds from the Placing.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

In addition to the principal terms set out in the Announcement,

- (a) the Convertible Notes are not redeemable by any holder of the Convertible Notes or the Company;

* *For identification purposes only*

- (b) holders of the Convertible Notes will have no right of early redemption or right to redeem at maturity date; and
- (c) the Company has no obligation to repay any outstanding principal amount of the Convertible Notes at the maturity date.

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

Investment opportunities in the PRC property market

The Company is an investment holding company. The Group is principally engaged in manufacturing and sale of pharmaceutical products and iron mining business. It is the Company's corporate strategy to diversify the Group's businesses in order to improve its earning base. With such strategy in mind, the Group, with the endorsement of the Board, has been looking for investment opportunities on an on-going basis from time to time. Through an external debt settlement by the Company as a debtor in 2012, the Company obtained ownership of a number of properties in Hangzhou, the PRC. In the course of exploring the potential use of the said properties, the Directors noted the recent development in the PRC property market. Notwithstanding certain tightening measures have been imposed by the PRC government, including without limitation, the government intervention, the Directors consider such measures beneficial to the development of a more sustainable and healthier property market in the PRC in the long run and thereby expect a growth in the real estate sector in the PRC.

At the time of entering into of the Placing Agreement, the Company was reviewing several real estate projects and had identified a real estate project in the PRC which the Board considered to be most probable. Based on the information provided by the counterparty, the project company owns a piece of land with a site area of approximately 49,000 square meters in Guangzhou, the PRC on which residential and commercial properties could be developed. The counterparty has preliminary asked for a consideration of approximately HK\$350,000,000 for the land. The Company has started preliminary negotiations with the counterparty and is currently in the early stage of project review. No definitive agreements or terms in respect of the real estate project have been reached between the Company and the counterparty. The Directors are of the view that the real estate project currently identified represents an opportunity that provides alternative income stream and business diversification to the Company. As at 12 September 2013, the Company was in the course of reviewing other

investment opportunities as well but considered the real estate project described above to be most probable. In the circumstances, considering the expected funding needs for the real estate project and the time required for raising such funding, the Board is of the view that it is appropriate to conduct fund raising activities at this stage to raise sufficient fund for the real estate project should the parties reach any agreement in the near future.

To date, the iron sand trading business of the Group is already in operation and commercial production stage. No additional capital of material size is expected to be required for the current production. On the other hand, the real estate project is proposed to be funded by the proceeds from the Placing. As such, the Directors consider the Company will have sufficient capital in operating its existing iron mining business together with the real estate projects for the businesses, if such investment becomes materialised.

Experiences of the Board in property market

Mr. Chim Kim Lun Ricky, the chairman and an executive Director, was an executive director of China Fair Land Holdings Limited (stock code: 169) (currently known as Wanda Commercial Properties (Group) Co., Limited), a company listed on the Stock Exchange which was principally engaged in property development in the PRC, for the period from June 2007 to December 2008. Mr. Chim has obtained much experience in the commercial field, including property development in the PRC, through his directorships in the above mentioned company and other companies since the 1990s.

Mr. Yeung Yiu Bong Anthony, an executive Director, holds a Bachelor of Arts (Hons) degree in Architecture. Mr. Yeung worked at an architecture firm, GMW Partners, in the United Kingdom from 1986 to 1988, during which he was a member of the team responsible for the development project for the Prudential Assurance PLC Building located at Minster Court, City of London, a commercial scheme consisted of 3 office blocks. Mr. Yeung then worked at another architecture firm, Chapman Taylor Partners, in the United Kingdom from 1988 to 1990, during which he was a member of the team responsible for the development project of the Meadowhall Shopping Centre, Sheffield and also the development project of the Lakeside Shopping Centre, Thurrock, East London. Mr. Yeung came back to Hong Kong in 1992 to work for a local property developer which had a joint venture project in 1993, in which Mr. Yeung was instrumental in the design and development of a complex which included a shopping mall and 2 residential blocks in Guangzhou, the PRC.

With the experience of the two executive Directors described above, the Board believes that it has the relevant experience and knowledge in real estate projects and property market. In addition, in order to ensure the smooth operation of the real estate project if such investment materialises, the Company intends to recruit additional professionals in the field.

Other financing alternatives

The Directors have considered various fund raising methods namely, bank borrowings, rights issue, open offer or share placement, and is of the view that the issue of the Convertible Notes is an appropriate means of raising funds for the Company. Given the continued unsatisfactory business and financial performances the Company, banking facilities may not be available or may be obtained by the Group with unfavorable terms such as high interest rates with additional pledges or guarantees. Given the prevailing volatile market condition, recent performance of the Shares and the financial performance of the Company, the Company has encountered difficulties in engaging underwriters or placing agents for any open offer, rights issue or share placement activities or the issue price have to be offered in deep discount to potential underwriter or placing agent to increase the attractiveness of such exercises. In addition, open offer or rights issue will involve higher transaction costs and longer completion time.

As such, the Directors consider that, among various fund raising alternatives, the placing of the Convertible Notes is the most appropriate means in view of the prevailing volatile market conditions, the historical financial performance and existing position of the Company, and the fund raising size.

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. Having taken into account of, among others, the fund raising size, the Company's market capitalisation, the terms and conditions of the Convertible Notes, the recent performance of the Shares, the Group's existing financial position and current market conditions, the Board considers that proposed placing period is fair and reasonable and is in the interests of the Company and the Shareholders as a whole in light of the volatile stock market.

Having taken into account, among others, that (i) the structure of the Convertible Notes is expected to be able to attract a wider range of potential investors; (ii) the interest rates of the Convertible Notes is within the range as set by other companies listed on the Stock Exchange issuing convertible notes/bonds in the past three months; (iii) the discount to the closing price of the Share on the date of the Placing Agreement as represented by the Conversion Price is within the market range as set by other companies listed on the Stock Exchange issuing convertible notes/bonds in the past three months; (iv) the fund raising size of the Placing; (v) the Company's market capitalisation; (vi) the existing financial position of the Company; and (vii) the terms of the Placing would allow the Company to be relieved from the burden of potentially significant cash outlay if repayment is otherwise required upon maturity, the Directors (including the independent non-executive Directors) consider that the terms of the Convertible Notes and the Placing Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Use of proceeds

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 the real estate project described above; and (ii) the remaining net proceeds of approximately HK\$182,400,000 as the construction cost of the real estate project.

In case the real estate project does not become materialised, the Company intends to apply the entire net proceeds from the Placing of approximately HK\$532,400,000 for other potential future investments. Until such opportunities arise, the Company will maintain the net proceeds as short-term bank deposits and/or for suitable investment in listed securities in Hong Kong or other markets in order to enhance the cash management.

GENERAL

For further details of the Placing Agreement and the transactions contemplated thereunder and the notice convening the SGM, please refer to the Circular.

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

Hong Kong, 16 September 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.