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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asia Resources Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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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)

## PLACING OF CONVERTIBLE NOTES; PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND NOTICE OF SPECIAL GENERAL MEETING

PLACING AGENT



金利豐證券  
KINGSTON SECURITIES

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A letter from the board of directors of the Company is set out on pages 4 to 27 of this circular.

A notice convening a special general meeting of the Company to be held at Empire Room 1, 1/F, Empire Hotel Hong Kong • Wan Chai, 33 Hennessy Road, Wan Chai, Hong Kong on Thursday, 25 September 2014 at 11:00 a.m. is set out on pages 28 to 29 of this circular.

Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the office of the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

8 September 2014

\* For identification purposes only

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## DEFINITIONS

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*In this circular, the following terms and expressions shall have the following meanings unless the context otherwise requires:*

“Announcement”	the announcement of the Company dated 11 July 2014 in relation to the Placing
“Board”	the board of Directors
“Business Day(s)”	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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	initially HK\$0.38 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, the Tranche 2 Notes and the Tranche 3 Notes respectively (as the case maybe)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$500,000,000 divided into 2,000,000,000 Shares to HK\$2,500,000,000 divided into 10,000,000,000 Shares

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## DEFINITIONS

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“Latest Practicable Date”	4 September 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the second anniversary of the date of issue of the relevant tranche of the Convertible Notes
“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 11 July 2014 entered into between the Company and the Placing Agent in relation to the Placing (as supplemented by the Supplemental Agreement)
“PRC”	the People’s Republic of China
“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) and the Increase in Authorised Share Capital
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company

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## DEFINITIONS

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“Share Options”	outstanding share options granted under the share option schemes adopted by the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	a supplemental agreement dated 3 September 2014 entered into between the Company and the Placing Agent to amend and supplement certain terms of the Placing Agreement
“Tranche 1 Notes”	the first tranche of convertible notes in registered form comprising the 12% per annum coupon rate convertible notes in the principal amount of not less than HK\$190,000,000 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 12% per annum coupon rate convertible notes in the principal amount of up to HK\$190,000,000 to be issued by the Company to the Placees pursuant to the Placing Agreement
“Tranche 3 Notes”	the third tranche of convertible notes in registered form comprising the 12% per annum coupon rate convertible notes in the principal amount of up to HK\$228,000,000 to be issued by the Company to the Placees pursuant to the Placing Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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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:*

Mr. CHIM Kim Lun, Ricky (*Chairman*)  
Mr. CHEUNG Kai Kwong  
Mr. YEUNG Yiu Bong, Anthony  
Mr. LU Jianling  
Mr. LIN Chengdong

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Director:*

Mr. TONG Leung Sang

*Principal place of business*

*in Hong Kong:*

Unit 04, 34th Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

*Independent non-executive Directors:*

Mr. ZHANG Xianlin  
Mr. LUM Pak Sum  
Mr. KWOK Hong Yee, Jesse

8 September 2014

*To the Shareholders*

Dear Sir or Madam,

**PLACING OF CONVERTIBLE NOTES;  
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

### INTRODUCTION

Reference is made to the Announcement and the announcement of the Company dated 3 September 2014, 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\$608,000,000. The Board also proposed to increase the authorised share capital of the Company from HK\$500,000,000 (divided into 2,000,000,000 Shares) to HK\$2,500,000,000 (divided into 10,000,000,000 Shares) by the creation of an additional 8,000,000,000 Shares, which will rank pari passu with all existing Shares.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide the Shareholders with, among other things, further details of the Placing Agreement, the Increase in Authorised Share Capital, a notice of the SGM and other information as required under the Listing Rules.

### THE PLACING AGREEMENT

Date: 11 July 2014 (after trading hours) (supplemented on 3 September 2014)

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 associates 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 in a maximum of three (3) tranches, on a best effort basis, the Convertible Notes of an aggregate principal amount of up to HK\$608,000,000. It is expected that the Convertible Notes will be placed to not fewer than six independent Placees who and whose ultimate beneficial owners 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 Stock Exchange granting or agreeing to 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 relevant tranche of the Convertible Notes;
- (B) the passing of resolution(s) by the Shareholders at the SGM to approve the Placing Agreement and the transactions contemplated thereunder (including without limitation to the issue of the Convertible Notes and the allotment and issue of the Conversion Shares);
- (C) the passing of a resolution by the Shareholders at the SGM to approve the Increase in Authorised Share Capital; and

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## LETTER FROM THE BOARD

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- (D) (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 30th day from the date of the SGM (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 claim against the other party for any costs or losses in respect of the Placing Agreement save for any prior breaches of the Placing Agreement prior to such termination. In the event that the Company and the Placing Agent agree to extend the long stop date beyond the date falling on the 30th day from the date of the SGM, the Company will obtain Shareholders' approval for such extension.

As the Placing is a placing of convertible securities with a maturity date falling on the 2nd anniversary from the date of issue of the Convertible Notes and the holders thereof will be subject to a 3-month lock-up period from converting the Convertible Notes into Conversion Shares, the Board considers that the Placing is less susceptible to short-term market volatility.

### **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.

The Placing is expected to take place in the order of the Tranche 1 Notes, the Tranche 2 Notes then the Tranche 3 Notes.

### **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) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or



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## LETTER FROM THE BOARD

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- (II) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Convertible Notes to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the placing of Convertible Notes; or
  
- (III) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the placing of the Convertible Notes (such success being the placing of the Convertible Notes to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the placing of the Convertible Notes; or
  
- (B) there is any breach (which is material in the absolute opinion of the Placing Agent) of any of the representations, warranties and undertakings of the Company set out in the Placing Agreement; or
  
- (C) there is 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 and/or any other ancillary agreements),

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.

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## LETTER FROM THE BOARD

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In the event that the Placing Agent terminates the Placing Agreement due to the occurrence of any of the aforesaid events, 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\$608,000,000, comprising the Tranche 1 Notes with the principal amount of not less than HK\$190,000,000; the Tranche 2 Notes with the maximum principal amount of up to HK\$190,000,000; and the Tranche 3 Notes with the maximum principal amount of up to HK\$228,000,000.
Interest	:	Each of the Tranche 1 Notes, the Tranche 2 Notes and the Tranche 3 Notes shall bear interest at a rate of 12% per annum from the date of issue payable semi-annually in arrears.
Maturity date	:	The date falling on the second anniversary of the date of issue of the relevant tranche of the Convertible Notes.
Conversion price	:	The initial conversion price of the Convertible Notes under the Placing Agreement, subject to the usual adjustments, is HK\$0.38 per Conversion Share. The conversion price of the Convertible Notes is subject to anti-dilution adjustments, as a result of certain changes in the Shares including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent offer of Shares in the Company to the Shareholders by way of rights, grant of options, warrants or other subscription rights.

The principle of the above customary conversion price adjustments is anti-dilution of the interest of Convertible Note holders as a result of the change in share capital of the Company under the above adjustment events.

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## LETTER FROM THE BOARD

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Announcement will be made after any adjustment to the Conversion Price is made.

Conversion rights : The conversion rights under each of the Tranche 1 Notes, the Tranche 2 Notes and the Tranche 3 Notes shall be exercisable during the conversion period commencing on the date falling on 3 months after the date of issue of the Tranche 1 Notes, the Tranche 2 Notes and the Tranche 3 Notes (as the case may be) 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 more than 19.9% 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.

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 of the Company, such transfer shall comply with the requirements under the Listing Rules.

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## LETTER FROM THE BOARD

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Early Redemption : The Company shall have the right to redeem all or any part of the Convertible Notes at its principal amount together with any interest accrued thereon at any time immediately after the first anniversary of the date of initial issue of the Convertible Notes and prior to the Maturity Date.

Holders of the Convertible Notes will have no right to redeem any of the Convertible Notes prior to the Maturity Date.

Redemption on Maturity Date : Unless previously converted into Conversion Shares or redeemed in accordance with the terms of the Convertible Notes, the Company shall redeem all outstanding Convertible Notes at its principal amount together with any interest accrued thereon on the Maturity Date.

The Convertible Notes are structured in three tranches, in order for the Company to proceed to completion of the relevant tranche of the Placing when the intended principal amount and conditions of such tranche are satisfied. The receipt of proceeds by tranche offers the Company more flexibility to finance its operation and/or business development, as compared to having the Placing be completed in one tranche, which may take longer time to complete. For the avoidance of doubt, completion of all three tranches of the Placing can take place either simultaneous or on a tranche-by-tranche basis in the order of Tranche 1 Notes, Tranche 2 Notes then Tranche 3 Notes. Save for the principal amount of each tranche of the Convertible Notes, the terms of all three tranches of the Convertible Notes are the same. The Directors believe that offering the Convertible Notes in three tranches will provide flexibility to the Group and facilitate the Placing. If the conversion rights attached to the Convertible Notes are exercised, the capital base of the Company will be enlarged and strengthened and its Shareholders base will also be broadened by the introduction of new investors.

The terms of the Convertible Notes, including the interest rate thereunder, were determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the convertible notes issued by the Company in October and November 2013 ("2013 CN"), the recent performance of the Shares, the Group's existing financial position and current market conditions. The Directors will take into account the interest of the Company and the Shareholders and will exercise the early redemption right under the Convertible Notes only if it is considered to be in the interest of the Company and its Shareholders as a whole. As at the Latest Practicable Date, an aggregate principal amount of approximately HK\$22 million of the 2013 CN remained outstanding, which is convertible into 62,137,143 Shares. Details of the terms

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## LETTER FROM THE BOARD

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of the 2013 CN are set out in the circular of the Company dated 16 September 2013 and below. Notwithstanding the Company is paying a higher interest rate for the Convertible Notes (i.e. 12% per annum) as compared to 5% per annum for the second tranche 2013 CN or zero coupon for the first tranche 2013 CN, when determining the interest rate of the Convertible Notes, the following was considered: (a) as the economic conditions continued to improve, the flush of liquidity in the global financial markets in the past few years is expected to be reversed, leading to the upward pressure on bond yields; (b) in view of the relatively uncertain market sentiments in the equity market, the current outstanding 2013 CN and the financial position of the Group, after arm's length negotiation with the Placing Agent, it is agreed that, among other things, a higher interest rate, coupled with a three-month conversion restriction and the Conversion Price being set at a premium to the recent closing prices of the Shares will encourage the holders to hold the Convertible Notes for a longer term without posing immediate risks for dilution to existing Shareholders; (c) as other convertible notes/bonds issued by other listed issuers in Hong Kong in the past three months have had interests rates ranging from zero coupon to 18% per annum, the Directors are of the view that the interest rate and other principal terms of the Convertible Notes including the conversion period, premium of the Conversion Price as compared to the then latest trading price of Shares immediately prior to the date of the Placing Agreement etc. are fair and reasonable and are in the interests to the Shareholders and are in line with prevailing market practice and other convertible bonds/notes.

### PRINCIPAL TERMS OF THE 2013 CN

The principal terms of the 2013 CN are summarised below for reference and information only:

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	The tranche 1 notes shall accrue no interest.  The tranche 2 notes shall bear interest at a rate of 5% per annum from the date of issue payable semi-annually in arrears.
Maturity date	The date falling on the second anniversary of the date of issue of the 2013 CN.

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## LETTER FROM THE BOARD

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Conversion price      The conversion price under the then placing agreement, subject to the usual adjustment, is HK\$0.35 per conversion share. The conversion price of the 2013 CN 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 subdivision of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent offer of Shares in the Company to the Shareholders for subscription by ways of rights, grant of options, warrants or other subscription rights.

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 2013 CN 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 2013 CN, 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 2013 CN 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 “2013 CN Maximum Limit”), or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.

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## LETTER FROM THE BOARD

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Pursuant to the terms and conditions of the 2013 CN, any 2013 CN 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 2013 CN at maturity if such conversion will result in (i) a holder of the 2013 CN and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in the 2013 CN 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 2013 CN which are not converted at the maturity date will be cancelled by the Company and fully waived without any cost.

Status	The 2013 CN 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 2013 CN do not confer any voting rights at any meetings of the Company.
Transferability	The 2013 CN 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.
Redemption	<p>The 2013 CN are not redeemable by any holder of the 2013 CN or the Company.</p> <p>Holders of the 2013 CN will have no right of early redemption or right to redeem at maturity date. The Company has no obligation to repay any outstanding principal amount of the 2013 CN at the maturity date.</p>
Lock-up period	The conversion shares will not be subject to any lock-up period.

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## LETTER FROM THE BOARD

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### Conversion Price and Conversion Shares of the Convertible Notes

The Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent performance of the Shares, the Group's existing financial position and current market conditions.

The Conversion Price of HK\$0.38 per Conversion Share represents:

- (i) a premium of approximately 5.56 % to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a premium of approximately 4.97% to the average closing price of approximately HK\$0.362 per Share for the last five trading days immediately prior to the date of the Placing Agreement;
- (iii) a premium of approximately 4.40% to the average closing price of approximately HK\$0.364 per Share for the last 10 trading days immediately prior to the date of the Placing Agreement;
- (iv) a premium of approximately 2.15% to the average closing price of approximately HK\$0.372 per Share for the last 20 trading days immediately prior to the date of the Placing Agreement;
- (v) a discount of approximately 34.48% to the net asset value of HK\$0.58 per Share based on the net asset value of the Group of approximately HK\$917.15 million as at 31 March 2014 and 1,578,714,285 shares of the Company in issue as at 31 March 2014; and
- (vi) a discount of approximately 6.17% to the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Based on the Conversion Price of HK\$0.38, a maximum number of 1,600,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes in full, which represent:

- (i) approximately 92.07% of the issued share capital of the Company of 1,737,862,857 Shares as at the Latest Practicable Date; and
- (ii) approximately 47.93% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.



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## LETTER FROM THE BOARD

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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 their Conversion Shares.

As stated in the annual report of the Company for the year ended 31 March 2014 (“AR2014”), the Group had bank balances and cash of approximately HK\$400.8 million as at 31 March 2014. Nevertheless, subsequent to the reporting period, the Group had paid the remaining balance of HK\$315 million for the acquisition of the share capital of Utmost Creation Holdings Limited and its subsidiaries, which principal business was the real estate development and property management. Further details of which were set out in note 46(a) of the AR2014. As further explained in the section headed “Reasons for the Placing of the Convertible Notes and Use of Proceeds” in this Letter from the Board, as the Group intends to diversify into the real estate sector in the PRC, the Board considers that it is appropriate and beneficial to the Group and Shareholders as a whole to conduct fund raising activities at this stage to raise sufficient funds for the Group’s intended expansion in the real estate sector.

Based on the above and having considered: (a) that the Conversion Price represents a premium over the recent closing prices of the Shares; (b) that the Placing could facilitate the future development of the Group in the real estate sector; (c) that the market conditions remain uncertain; and (d) the reasons for the Placing set out under the section headed “Reasons for the Placing of the Convertible Notes and Use of Proceeds” in this Letter from the Board, 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.

### **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.

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## LETTER FROM THE BOARD

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### 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, iron mining business, real estate investment and securities trading. As stated in the Company's annual results announcement dated 27 June 2014, the Company will continue to explore opportunities for business diversification in order to improve its earning base. It is the strategy of the Group to diversify into the real estate sector in the PRC. In line with this strategy, the Group has already acquired certain real estate investment projects and is identifying further potential real estate projects for investment purposes. Further details can be referred to the announcements of the Company dated 11 March 2014, 13 June 2014, 24 June 2014 and the circular of the Company dated 26 May 2014 respectively. Hence, additional funding is required for the further possible real estate investment(s).

It is the current intention of the Group to diversify into real estate sector, both residential and commercial, in the first and second tier cities in the PRC. The current intention of the Group is to select those potential properties: (i) both for rental and for sales; (ii) with investment sum within HK\$500,000,000; (iii) with year of completion ranging from 1 to 5 years. The above criterion may vary from time to time depending on the quality of the potential investments and resources available by the Group at the time of assessing the investments.

As set out in the announcement of the Company dated 8 July 2014 in relation to a possible acquisition (the "**Possible Acquisition**"), the Group has been considering a possible acquisition of certain equity interests in a PRC company (the "**Target Company**"), which is principally engaged in the investment, development and operation of commercial facilities in relation to and surrounding of the exhibition industry. The terms and conditions of such possible acquisition are subject to further negotiations between the parties and the due diligence review to be undertaken by the Group, which has not been concluded or finalized as at the Latest Practicable Date. The consideration for the Possible Acquisition is still under negotiation as at the Latest Practicable Date and subject to the due diligence review being conducted by the Group and/or its professional advisers, including the valuation of the project. If the Possible Acquisition materializes, it is currently expected that the estimated consideration for the Possible Acquisition would be approximately HK\$450,000,000. Save for the Possible Acquisition, the Company is yet to identify other real estate projects. The management of the Group has engaged the relevant professional advisers to conduct the due diligence review on the project under the Possible Acquisition. The management of the Group would continue to review and request for information relating to the Possible Acquisition and negotiate the relevant terms with the vendors of the Possible Acquisition. The Directors consider that the nature of the Possible Acquisition is in line with the Group's selection criteria of real estate investment set out above. As at the Latest Practicable Date, the due diligence review on the Possible Acquisition is still in process. Having considered the funding needs for possible real estate project(s) and the time required for raising such funding, the Board

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## LETTER FROM THE BOARD

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is of the view that it is appropriate to conduct fund raising activities at this stage to raise sufficient funds for real estate projects or other attractive investments should such opportunities arise. As at the Latest Practicable Date, the Company has not identified any possible investments other than in the real estate sector i.e. the Possible Acquisition.

As at 31 March 2014, the Group had audited cash and cash equivalent of HK\$400.84 million. Subsequent to 31 March 2014, the Group had cash inflow of approximately HK\$23 million from the recovery of a debt impaired in previous years in relation to the disposal of Skyyield Holdings Limited. In June 2014, the Group had paid HK\$315 million upon the completion of the acquisition of a company which, together with its subsidiaries, is engaged in residential real estate development and property management in Dalian City, the PRC, details of which were set out in the circular of the Company dated 26 May 2014. Furthermore, as at the Latest Practicable Date, approximately HK\$75.57 million had been paid as deposit for the acquisition of 46 units of Kingma Information Logistic Park, details of which were set out in the Company's announcement dated 24 June 2014.

The Directors have considered various fund raising methods namely, bank borrowings, rights issue, open offer or share placement. Given the prevailing market conditions, recent performance of the Shares and the financial performance of the Company, the Directors consider that the issue of the Convertible Notes is an appropriate means of fund raising for the Company to secure its financing. The Directors have discussed the possibilities for fund raising with securities firms. Bank borrowings would require definite repayment at the end of the term. Given the existing and historical financial positions of the Company, it may be difficult for the Company to obtain unsecured bank borrowings of the intended fund with favourable terms. Given the prevailing relatively uncertain market conditions, the slight trading volume and trend of the trading price of the Shares and the continuous loss position of the Company, it was difficult for the Company to identify an underwriter or placing agent which would be conservative without offering discount on the issue price to increase the attractiveness of an open offer, rights issue or share placement which the Directors considered undesirable. In addition, fund raising through open offer or rights issue is more time consuming as compared to the issue of the Convertible Notes, while a share placement would involve an issue of new Shares resulting in an immediate dilution of existing Shareholders' interest. The Company did not receive any alternative offers for open offer, rights issue and share placements. The Directors noted that the issue of the Convertible Notes would increase financial interest expenses of the Group and affect its gearing ratio. The Directors also noted that the Company has the early redemption option to redeem all or any part of the outstanding Convertible Notes at its principal amount together with any interest accrued thereon at any time immediately after the first anniversary of the date of initial issue of the Convertible Notes and prior to the Maturity Date. 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.

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## LETTER FROM THE BOARD

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Having taken into account, 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 the terms of the Placing are fair and reasonable and are 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, (i) that the structure of the Convertible Notes is expected to attract a wider range of potential investors; (ii) the fund raising size of the Placing; (iii) the Company's market capitalization; and (iv) the existing financial position of the Company, 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\$608,000,000 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\$599,700,000. Assuming the Convertible Notes are placed in full and converted into the Conversion Shares at the initial Conversion Price of HK\$0.38, the net proceeds raised per Conversion Share will be approximately HK\$0.375. The net proceeds from the Convertible Notes will be used (i) as to approximately HK\$450,000,000 for potential future investments in real estate projects, including the Possible Acquisition; and (ii) as to the remaining amount of approximately HK\$149,700,000 for the general working capital of the Group (including the possible use for payment of the interest under the Convertible Notes) and/or investment in any potential business opportunities (including investments in securities and areas related to the real estate sector), if any, arising from time to time. On the basis that none of the Convertible Notes holders exercise the conversion rights under the Convertible Notes during the conversion period, the maximum aggregate interest expenses under the Convertible Notes would amount to approximately HK\$145.9 million. The Company intends to apply the remaining balance of the proceeds, exclusive of actual interest expenses paid, to capture investment opportunities arising from time to time (including investments in listed equities and areas related to and/or having synergistic effects with the real estate sector such as theme parks, logistics complex, etc.) In the event that no suitable investments are identified by the Company, the said amount will be used for working capital of the Group.

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.

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## LETTER FROM THE BOARD

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### MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

For the year ended 31 March 2014, the turnover of the Group was mainly generated from its principal businesses of pharmaceutical operation, iron sand trading operation, securities investment and gold trading business amounting to approximately HK\$114,513,000 (2013: HK\$111,957,000), representing an increase of approximately 2.3% as compared with last year.

The gross profit of the Group for the year ended 31 March 2014 was maintained at approximately HK\$20,467,000 (2013: approximately HK\$20,455,000). The gross profit margin decreased to approximately 17.9% (2013: approximately 18.2%) as compared with last year.

For the year ended 31 March 2014, the Group recorded a loss attributable to the Shareholders of approximately HK\$207,068,000 (2013: loss of approximately HK\$197,967,000). The increase in loss was mainly due to a substantial decrease in fair value of the exclusive right owned by PT. Dampar Golden International (an indirect non-wholly owned company of the Group incorporated in Indonesia which was granted an exclusive right to manage the site of an iron ore mine in Indonesia, and to refine and sell iron sand exploited from the Mine) (“**PT. Dampar**”) of approximately HK\$275,644,000 in accordance with the valuation report of an independent valuer.

#### **Pharmaceutical operation**

Since 1 April 2013, the Group’s intravenous fluids business has been further affected by intensified competition in the intravenous fluids market. Under these circumstances, selling price and sales volume both dropped dramatically and the profit margin of the business was also reduced, even though cost control disciplines have been embedded in the operation. The turnover of pharmaceutical products recorded a decrease of 13.9% to approximately HK\$96,324,000 as compared to approximately HK\$111,957,000 last year. In spite of management’s continuous endeavors to control and reduce costs of sales and administrative expenses in all aspects, the pharmaceutical operation was unable to maintain our profit margin; resulting in the gross profit margin being further narrowed to 9.8% as compared to 18.2% last year. As a result, the pharmaceutical operation segment recorded a loss of approximately HK\$18,949,000 for the year ended 31 March 2014 (2013: HK\$13,733,000).

In order to save running costs, the management of the Group would temporarily from time to time suspend production as and whenever there was an excess in stock level. In June 2014, due to excess in stock level, production has been temporarily suspended pending stock clearance and improvement in market sales.

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## LETTER FROM THE BOARD

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As announced on 10 July 2014, after the issue of the results announcement of the Group for the year ended 31 March 2014, the Board has further assessed the pharmaceutical operation and appraised the current market situation. The Board observes that market prices of the products manufactured by the Group has continued to drop despite the successful accreditation of the Good Manufacturing Practice (the “GMP”) standard. Given this situation, the Board believes that the production plant for the pharmaceutical operation shall remain temporarily suspended until the market condition is improved. The Company will look for opportunities to dispose of the pharmaceutical operation so as to put the business focus on the property sector.

As at the Latest Practicable Date, the Company has not identified any opportunity for such disposal.

### **Iron ore mine operation**

For the year ended 31 March 2014, the iron ore mine operation segment of the Group recorded a loss of approximately HK\$84,337,000 (2013: HK\$5,983,000). The increase in loss was mainly due to the amortisation of the exclusive right owned by PT. Dampar.

For the business of Mongolia iron mine of the Group, due to the environmental issues disclosed previously, the iron mining activities in Mongolia continued to be suspended in order to minimize expenses being incurred. The Company still has the intention to dispose its Mongolia mine to potential risk-taking investors should such opportunity arise.

Whereas, for the iron sand trading business in Indonesia, during the year under review, the Company exported and shipped out its first 10,000 metric tons of iron sand to the PRC in September 2013; thereafter, before the end of December 2013, the Group exported and shipped a further 18,000 metric tons of iron sand to the PRC.

However, as disclosed in the announcement dated 24 January 2014, due to the introduction of the Ministerial Regulation No. 1/2014 (the “Indonesia Regulation”) promulgated by the Indonesian Government which came into effect on 12 January 2014, up to the fiscal year end date, export of iron sand from Indonesia has been brought to a halt as the purity level of the iron sand did not meet the minimum requirement under the Indonesia Regulation.

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## LETTER FROM THE BOARD

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In response to such change, the Group has decided and planned to build a factory to increase the iron content (“%Fe”) of the iron sand from 56%Fe to more than 75%Fe (sponge iron quality), thus satisfying the export requirement under the Indonesia Regulation. Therefore on 29 April 2014, an indirect non wholly-owned subsidiary of the Company in Indonesia, PT. Asia Resources Sejahtera (“ARS”), as lessee, entered into an agreement with Dana Pensiun Kertas Leces as lessor, pursuant to which the lessor will lease to ARS a piece of industrial land in East Java, Indonesia (of approximately 32,746 sq.m. in area) for a period of two years from 1 June 2014 (with an option to renew for a further term of 18 years and a further option to lease another piece of land of approximately 21,050 sq.m. in area) at the rent of Indonesia Rp. 1,568,333,000 (approximately HK\$1,064,000) for the two years for the purpose of building an iron sand processing factory on the land. On 1 May 2014, ARS entered into a purchase contract in Jakarta with PT Azadirachta Mandiri to purchase equipment at a consideration of Indonesia Rp. 1,850,000,000 (approximately HK\$1,255,000) for the purpose of refining the iron sand by employing the direct reduction iron method. Under the Group’s plan, ARS will use the equipment to set up a processing factory on the land leased which is planned to commence operation before the end of 2014. PT. Dampar will sell the iron sand to ARS. The Group is in the process of applying for the necessary licenses and approvals from the relevant authorities in Indonesia for the processing of iron sand and the export of the sponge iron. In May 2014, ARS has commenced its application for the IUP OPK for Processing (Indonesia’s mining company operation license for processing) in respect of the new factory, including but not limited to the submission of environmental studies as well as construction plans. The relevant government department has acknowledged receipt of such application and that it is being processed. At present, ARS is unable to ascertain the probability of the success of such application or provide a timeline as to when the results of the application will be known. ARS is, however, continuing to assist the relevant government department with their queries regarding the application. It should be noted that ARS’s application is on a similar footing as PT. Dampar when it applied for its IUP OPK for Processing (Indonesia’s mining company operation license for processing), which was granted by the relevant authority.

### **Investment properties**

With respect to the property investment business, after obtaining ownership of two properties in Hangzhou, PRC on 22 January 2013, the management of the Company has decided to run a patisserie coffee shop and build an indoor recreation playground in the vicinity of the properties to enhance their value. During the fiscal year, renovation works for both have been completed. The necessary permits concerning the coffee shop have been obtained and capital injection to our PRC subsidiary running the coffee shop has been completed in late July 2014. The official opening of the coffee shop occurred on 15 August 2014.

All necessary permits concerning the indoor playground have been received. The playground was first opened for business on 23 April 2014.



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## LETTER FROM THE BOARD

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As announced by the Company on 13 June 2014, the Group completed an acquisition of a real estate project in Beibu District, Jinshitan, Jinzhou New District, Dalian City, the PRC (大連金州新區金石灘北部區) at a consideration of HK\$450 million. The development project is a commodity property for residential use. The development of the project is divided into 2 phases. Phase I of the project, which is under development, has obtained the pre-sale permit for commodity property in April 2014 and sales of phase I commenced in May 2014. Phase II of the project is still under planning as at the Latest Practicable Date, and development is expected to commence upon the completion of the planning.

As disclosed in the announcement of the Company dated 24 June 2014, on 24 June 2014, the Group entered into an agreement with an independent third party for the acquisition of 46 units of Kingma Information Logistic Park which are situated at Deport No. 2, 3rd Road and Shenyang Road Intersect, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC (中國深圳市鹽田區鹽田保稅區物流園內三號路與深鹽路交匯處二號堆場) with a total saleable area of approximately 8,699 sq. metre at a consideration of RMB100,042,870 (equivalent to approximately HK\$125,996,990). The property is both for investment and establishment of the head office of the Group in the PRC. According to the agreement, the consideration is payable in cash by four installments. As at the Latest Practicable Date, an aggregate of RMB60 million (equivalent to approximately HK\$75.57 million) has been paid for the acquisition. It is expected that physical possession of the property would be obtained on or before 30 March 2015 (or another date that is mutually agreed by between the Group and the vendor) on which the relevant occupation permits will be issued. The completion of the acquisition is expected to be on or before 31 October 2015 (or another date that is mutually agreed by between the Group and the vendor) on which the building ownership certificates will be issued in favour of the Group.

### **Securities trading**

Apart from the aforesaid operations, the Group has enlarged its securities trading portfolio in this fiscal year. During the financial year ended 31 March 2014, the trading of securities has generated a gross profit of HK\$1,161,000 and received dividend income of HK\$651,000.



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## LETTER FROM THE BOARD

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### Gold trading

The management of the Group has also commenced trading of gold in mid of January 2014 in the form of purchasing and selling of physical gold with no financing arrangement or gearing. The gold stock was subsequently sold and a gross profit of HK\$325,000 was made which was reflected as other revenue. This gold trading part of business of the Group is not expected to be conducted on a frequent basis and will constitute only a minuscule part of the Group's business.

### 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 the 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\$9,700,000 was utilised as general working capital, approximately HK\$2,800,000 was utilised as capital expenditures and working capital for the properties in Hangzhou, and approximately HK\$5,500,000 was utilised as working capital for the Group's mining business in Indonesia.
15 August 2013	Placing of the convertible notes of the Company	HK\$532,400,000	Approximately HK\$350,000,000 for potential future investments, including real estate projects; and the remaining amount for the general working capital of the Group and investment in any potential business opportunity, if any	HK\$450,000,000 was utilised for the acquisition of real estate investment as detailed in the Company's circular dated 26 May 2014, and approximately HK\$63,000,000 was utilised as refundable deposit for a real estate investment as detailed in the Company's announcement dated 24 June 2014; and the remaining amount will be utilised as working capital of the Group and investment in any potential business opportunity, if any.

## LETTER FROM THE BOARD

### EFFECTS ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date; 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); and immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes, and full exercise and/or full conversion of the outstanding Share Options and outstanding 2013 CN (assuming there is no change in the existing shareholding of the Company).

Name	As at the Latest Practicable Date		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes (for illustrative purpose only) (Note 4) (Note 5)		Immediately after the allotment and issue of the Conversion Shares upon (i) full conversion of the Convertible Notes; and (ii) full exercise and/or conversion of the outstanding Share Options and outstanding 2013 CN (for illustrative purpose only) (Note 4) (Note 5)	
	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	Number of Shares held directly or indirectly	Approximate percentage of the total issued share capital of the Company
<b>Directors and their associates</b>						
Chim Kim Lun, Ricky	–	–	–	–	7,400,000	0.22%
Cheung Kai Kwong (Note 1)	3,200,000	0.18%	3,200,000	0.10%	6,100,000	0.18%
Yeung Yiu Bong, Anthony (Note 2)	840,000	0.05%	840,000	0.02%	3,740,000	0.11%
Lu Jianling	–	–	–	–	200,000	0.01%
Lin Chengdong	–	–	–	–	200,000	0.01%
Tong Leung Sang	–	–	–	–	340,000	0.01%
Zhang Xianlin	–	–	–	–	340,000	0.01%
Lum Pak Sum	–	–	–	–	340,000	0.01%
Kwok Hong Yee, Jesse	–	–	–	–	200,000	0.01%
Cheung Chung Ki (Note 3)	–	–	–	–	800,000	0.02%
<b>Substantial Shareholders</b> (Note 6)						
Zhan Sheng Qiang (Note 7)	278,950,000	16.05%	278,950,000	8.36%	278,950,000	8.16%
Ng Lin Na	240,000,000	13.81%	240,000,000	7.19%	240,000,000	7.02%
<b>Other Shareholders</b>						
Public Shareholders (Note 5)	1,214,872,857	69.91%	1,214,872,857	36.40%	1,280,390,000	37.44%
Placees	–	–	1,600,000,000	47.93%	1,600,000,000	46.79%
<b>Total</b>	<b>1,737,862,857</b>	<b>100.00%</b>	<b>3,337,862,857</b>	<b>100.00%</b>	<b>3,419,000,000</b>	<b>100.00%</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. Such Shares are registered in the name of Brave Admiral Limited, a company wholly-owned by Mr. Cheung Kai Kwong, a Director.
2. Such Shares are registered in the name of Fieldton Holdings Limited, a company wholly-owned by Mr. Yeung Yiu Bong Anthony, a Director.
3. Ms. Cheung Chung Ki is a daughter of Mr. Cheung Kai Kwong, an executive Director.
4. 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 more than 19.9% 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.
5. The Company will ensure that it will not be in breach of the minimum public float requirement under the Listing Rules.
6. To the best of the information and knowledge of the Directors having made all reasonable enquiries, each of the substantial Shareholders, namely (a) Zhan Sheng Qiang, (b) Ng Lin Na, is independent of and not connected with the Directors and their respective associates. The Directors however have no information as to the relationship among the above-mentioned substantial Shareholders.
7. Such Shares are registered in the name of Asia Property Finance Investment Limited, a company wholly-owned by Mr. Zhan Sheng Qiang.
8. Pursuant to the terms of the 2013 CN, the Placing will not trigger the anti-dilution adjustment of the conversion price of the outstanding 2013 CN.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The existing authorised share capital of the Company is HK\$500,000,000 divided into 2,000,000,000 Shares of which 1,737,862,857 Shares are in issue; there are outstanding Share Options carrying rights to subscribe for an aggregate of 19,000,000 Shares; and there are outstanding convertible notes issued by the Company with conversion rights for 62,137,143 Shares as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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In order to provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future as and when necessary, the Board proposes to increase the authorised share capital of the Company from HK\$500,000,000 (divided into 2,000,000,000 Shares) to HK\$2,500,000,000 (divided into 10,000,000,000 Shares) by the creation of an additional 8,000,000,000 Shares, which will rank pari passu with all existing Shares. Subject to the available internal resources of the Group and the potential business opportunities arise from time to time, the Board has no current intention of issuing further Shares from the increased authorised share capital other than the Shares to be issued under the Convertible Notes.

The Increase in Authorised Share Capital is conditional upon the passing of a resolution by the Shareholders at the SGM to approve the Increase in Authorised Share Capital.

### THE SGM

A SGM will be convened and held on Thursday, 25 September 2014 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Placing Agreement and transactions contemplated thereunder (including without limitation the allotment and issue of the Conversion Shares), and the Increase in Authorised Share Capital. The resolutions will be taken by way of poll at the SGM. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, no Director or Shareholder has a material interest in the Placing and the Increase in Authorised Share Capital and no Shareholder is required to abstain from voting at the SGM. A notice convening the SGM is set out on pages 28 to 29 in this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjournment thereof) should you so wish.

### RECOMMENDATION

The Board considers that the Placing Agreement and the transaction contemplated thereunder are fair and reasonable, the Placing Agreement and the transaction contemplated thereunder and the Increase in Authorised Share Capital are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Placing Agreement and the transaction contemplated thereunder, including the issue of the Conversion Shares; and the Increase in Authorised Share Capital.

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## LETTER FROM THE BOARD

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**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.**

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board  
**Asia Resources Holdings Limited**  
**Chim Kim Lun, Ricky**  
*Chairman*

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## NOTICE OF SGM

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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)

**NOTICE IS HEREBY GIVEN** that a special general meeting of Asia Resources Holdings Limited (the “**Company**”) will be held at Empire Room 1, 1/F, Empire Hotel Hong Kong • Wan Chai, 33 Hennessy Road, Wan Chai, Hong Kong on Thursday, 25 September 2014 at 11:00 a.m. to consider and, if thought fit, pass the following resolutions, with or without amendments, as ordinary resolutions of the Company:

1. “**THAT**

- (a) the execution, delivery and performance by the Company of a placing agreement dated 11 July 2014 (as supplemented by supplemental agreement dated 3 September 2014) entered into between the Company and Kingston Securities Limited (the “**Placing Agent**”) in relation to the placing of the convertible notes in an aggregate principal amount of up to HK\$608,000,000 (the “**Convertible Notes**”) by the Placing Agent (the “**Placing Agreement**”) (a copy of which has been produced to the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification) (as may be amended from time to time) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfillment or waiver of the conditions set out in the Placing Agreement (as may be amended from time to time), the Directors be and are hereby authorised to issue the Convertible Notes in accordance with the terms and conditions of the Placing Agreement (as may be amended from time to time);
- (c) the directors of the Company be and are hereby authorised to allot and issue new shares of the Company (the “**Conversion Shares**”) which may fall to be issued upon the exercise of the conversion rights attaching to the Convertible Notes; and
- (d) the directors of the Company are hereby authorised to do all such further acts and things and execute such further documents which in their opinion may be necessary or expedient to give effect to the terms of the Placing Agreement, the issue of the Convertible Notes and the issue and allotment of the Conversion Shares or any of the transactions contemplated under the Placing Agreement.”

\* *For identification purposes only*

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## NOTICE OF SGM

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2. **“THAT**

- (a) the authorised share capital of the Company be increased from HK\$500,000,000 divided into 2,000,000,000 shares of HK\$0.25 each (the **“Share(s)”**) to HK\$2,500,000,000 divided into 10,000,000,000 Shares by the creation of an additional 8,000,000,000 new Shares ranking pari-passu with the existing shares of the Company (the **“Increase in Authorised Share Capital”**); and
- (b) any one or more of the directors and officers of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

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

Hong Kong, 8 September 2014

*Notes:*

- 1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- 2. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy need not be a registered shareholder of the Company.
- 3. In order to be valid, the form of proxy must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- 4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- 5. Where there are joint holders of any shares in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.