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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 100% EQUITY INTEREST IN SHAANXI TIANDI ZHONGLI ENERGY DEVELOPMENT COMPANY LIMITED#**

#### **SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 29 June 2016 (after trading hours of the Stock Exchange), the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors in relation to the Acquisition, pursuant to which the Purchaser has agreed to purchase and the Vendors have agreed to sell 100% equity interest in the Target Company for the consideration of RMB31,200,000 (equivalent to approximately HK\$36,816,000).

#### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 21 December 2015 in relation to, among other matters, the Memorandum of Understanding entered into between the Company and the Vendors regarding the possible acquisition of 100% equity interest in the Target Company.

\* *For identification purposes only*

On 29 June 2016 (after trading hours of the Stock Exchange), the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors in relation to the Acquisition, pursuant to which the Purchaser has agreed to purchase and the Vendors have agreed to sell 100% equity interest in the Target Company for the consideration of RMB31,200,000 (equivalent to approximately HK\$36,816,000).

The principal terms of the Sale and Purchase Agreement are summarised below.

## **SALE AND PURCHASE AGREEMENT**

Date: 29 June 2016

Parties: (i) the Purchaser;  
(ii) the Vendor A; and  
(iii) the Vendor B

The Vendor A is Ms. 胡惠芳 (transliterated as Hu Huifang<sup>#</sup>) and the Vendor B is Ms. 石秀蘭 (transliterated as Shi Xiulan<sup>#</sup>). To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendors and their respective associates is an Independent Third Party.

### **Subject of the Acquisition**

Pursuant to the Sale and Purchase Agreement, the Purchaser agreed to purchase and the Vendors agreed to sell 100% equity interest in the Target Company.

As at the date of this announcement, the registered capital of the Target Company amounts to RMB 26,600,000 (equivalent to approximately HK\$31,388,000) which has been fully paid-up.

## Consideration

The Consideration for the Acquisition is RMB31,200,000 (equivalent to approximately HK\$36,816,000) and shall be payable by the Purchaser in the following manner:

- (a) as to RMB4,680,000 (equivalent to approximately HK\$5,522,400) (the “**First Tranche Consideration**”) to be payable within ten (10) Business Days after the opening of bank account(s) (the “**Bank Account(s)**”) by the Vendors with licensed bank(s) in the PRC for the purpose of disposing assets in accordance with the relevant laws and regulations in the PRC;
- (b) as to RMB21,840,000 (equivalent to approximately HK\$25,771,200) to be payable within ten (10) Business Days from the Completion Date; and
- (c) subject to, among other matters, the fulfilment of the Sales Guarantee (as defined below) and all CNG Licence (as defined below) having been obtained, the remaining balance of RMB4,680,000 (equivalent to approximately HK\$5,522,400) (the “**Final Tranche Consideration**”) to be payable after the first anniversary of the Completion Date and within ten (10) Business Days from the date on which all the Vendors’ obligations in relation to the Sales Guarantee are fulfilled.

If the Purchaser considers, in its absolute discretion, that there is any apprehensible risk or obligations in relation to default in any agreements or contracts entered into by the Target Company prior to the Completion Date, the Purchaser shall have right to withhold a correspondent amount in the Consideration until such risk is eliminated.

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendors after taking into consideration (i) the reasons for the Acquisition as detailed in the paragraph headed “Reasons for and benefits of the Acquisition” in this announcement; (ii) the current financial position of the Target Company; and (iii) the valuation of 100% equity interest in the Target Company, performed by an independent professional valuer on a market approach, of RMB34,000,000 (equivalent to approximately HK\$40,120,000) as at 31 March 2016.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Consideration is intended to be funded by internal resources of the Group.

## **Completion**

Completion shall take place on the date on which the industrial and commercial registration in relation to the Acquisition is completed, which shall be within thirty (30) Business Days from the date on which the First Tranche Consideration was paid by the Purchaser to the Vendors, or such later date as may be specified by the Purchaser.

Upon Completion, the Company will, through the Purchaser, become interested in 100% equity interest in the Target Company.

## **Sales Guarantee**

The Vendors guarantee to the Purchaser that, during the three hundred and sixty-five (365) days period (the “**Guaranteed Period**”) commencing from the Completion Date, the volume of liquefied natural gas sold by the liquefied natural gas refuelling station (the “**LNG Station**”) of the Target Company located in Guapo Zhen, Hua Xian, Weinan City, Shaanxi Province, the PRC, shall not be less than 7,040 tonnes (the “**Sales Guarantee**”). For the avoidance of doubt, if the relevant section of the highway on which the LNG Station located is designated as a restricted zone, the Guaranteed Period shall commence on the date such section of the highway ceased to be a restricted zone. In the event that the Sales Guarantee is not fulfilled, the Purchaser may deduct the whole amount of the Final Tranche Consideration from the amount of the Consideration payable to the Vendors.

The Purchaser and the Vendors shall, upon the expiry of the Guaranteed Period, procure that an audited report for the volume of liquefied natural gas sold by the LNG Station during the Guaranteed Period be prepared, issued and reported by a qualified auditor.

## **CNG Licence**

The Vendors undertake to the Purchaser that they will procure the obtaining of all approval, licence and permit (the “**CNG Licence**”) for carrying out the construction works for converting the LNG Station into a liquefied natural gas and compressed natural gas refuelling station within two hundred and seventy (270) days from the Completion Date. In the event that the CNG Licence is not obtained within two hundred and seventy (270) days from the Completion Date, the Vendors shall pay to the Purchaser a daily fee, being an amount equals to 0.1% of the amount of the Consideration actually paid by the Purchaser.

## **Termination**

If prior to the Completion Date, the Purchaser shall have right to terminate the Sale and Purchase Agreement upon the happening of the following events:-

- (i) there is any material misrepresentation made by the Vendors or any material breaches committed by the Vendors rendering the warranties given by and the obligations of the Vendors under the Sale and Purchase Agreement becoming false, inaccurate or misleading or incapable of being fulfilled or Completion cannot take place in accordance with the terms and conditions of the Sale and Purchase Agreement, and the Vendors fail to remedy the aforementioned conditions within twenty (20) Business Days upon being notified by the Purchaser of its intention to terminate the same;
- (ii) Completion does not take place on the Completion Date and within ten (10) Business Days after the date of written notice issued by the Purchaser urging the Vendors to procure Completion to take place; or
- (iii) the Bank Account(s) was not opened within ninety (90) days from the date of the Sale and Purchase Agreement.

Upon occurrence of any of the above and in the event that the Sale and Purchase Agreement has not been terminated by the Purchaser, the Vendors shall pay a daily defaulting fee, being an amount equals to 0.1% of the amount of the Consideration actually paid by the Purchaser. The receipt of the daily defaulting fee is without prejudice to the right of the Purchaser to terminate the Sale and Purchase Agreement at a later date.

If prior to the Completion Date, there is any material misrepresentation made by the Purchaser or any material breaches committed by the Purchaser rendering Completion cannot take place in accordance with the terms and conditions of the Sale and Purchase Agreement, and the Purchaser fails to remedy the aforementioned conditions within twenty (20) Business Days upon being notified by the Vendors of their intention to terminate the same, the Vendors shall have right to terminate the Sale and Purchase Agreement.

In the event that the Sale and Purchase Agreement is terminated, the defaulting parties shall pay a defaulting fee, being an amount equals to 20% of the Consideration actually paid by the Purchaser or received by the Vendors, and the Vendors shall return the Consideration actually received to the Purchaser within ten (10) Business Days from the date of termination.

## INFORMATION OF THE TARGET COMPANY

The Target Company was established in the PRC with limited liability and is principally engaged in vehicle liquefied natural gas supply business. As at the date of this announcement, the Target Company owns and operates the LNG Station. As at the date of this announcement, the Target Company has a registered capital of RMB 26,600,000 (equivalent to approximately HK\$31,388,000) which has been fully paid-up, and is owned as to 50% by the Vendor A and as to 50% by the Vendor B.

The following table summarises the unaudited financial results of the Target Company (prepared in accordance with the PRC GAAP) for each of the two financial years ended 31 December 2014 and 2015 respectively:

	<b>For the year ended 31 December 2014</b> <i>(RMB)</i>	<b>For the year ended 31 December 2015</b> <i>(RMB)</i>
Turnover	–	2,492,902
Loss before taxation	338,366	579,933
Loss after taxation	338,366	602,253

Based on the audited account of the Target Company made up to 31 March 2016 (prepared in accordance with the PRC GAAP), the unaudited net assets value of the Target Company as at 31 March 2016 was approximately RMB23,820,000 (equivalent to approximately HK\$28,108,000).

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in iron mining business; securities and gold trading; money lending business; and property investments.

It is the Group's business strategy to focus on the development and expansion of the property investment business in the PRC. Despite the Board is optimistic in the property investment business, in order to provide a stable income stream to the business of the Group, the Group has been actively exploring for business opportunities based on the experience and business connections of its management.

The Board believes that the Acquisition will allow the Group to tap into liquefied natural gas refueling station business and broaden the Group's business spectrum and is confident that the operation of the Target Company will contribute positively to the Group. Hence, the Directors are of the view that the Acquisition will maximize the future contribution to the Group and that the Acquisition is in the interest of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the acquisition by the Purchaser from the Vendors of 100% equity interest in the Target Company pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors from time to time
“Business Day(s)”	a day on which licensed banks in the PRC are open for normal banking business throughout their normal business hours (excluding Saturdays, Sundays and public holidays)
“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 899)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the day on which the Completion shall take place pursuant to the terms and conditions of the Sale and Purchase Agreement

“Consideration”	the consideration of RMB31,200,000 (equivalent to approximately HK\$36,816,000) for the Acquisition
“Directors”	the directors of the Company (including the independent non-executive directors) from time to time
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the non-legally binding memorandum of understanding dated 21 December 2015 and entered into among the Company and the Vendors setting out the preliminary understanding in relation to the possible acquisition of 100% equity interest in the Target Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	the general accepted accounting principles of the PRC
“Purchaser”	World Metro Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 June 2016 and entered into among the Purchaser and the Vendors in relation to the Acquisition



“Shareholders”	holders of the issued Shares from time to time
“Share(s)”	share(s) of HK\$0.25 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	陝西天地眾力能源發展有限公司 (transliterated as Shaanxi Tiandi Zhongli Energy Development Company Limited <sup>#</sup> ), being a company established in the PRC with limited liability
“Vendor A”	Ms. 胡惠芳 (transliterated as Hu Huifang <sup>#</sup> ), being an Independent Third Party and the owner of 50% equity interest in the Target Company as at the date of this announcement
“Vendor B”	Ms. 石秀蘭 (transliterated as Shi Xiulan <sup>#</sup> ), being an Independent Third Party and the owner of 50% equity interest in the Target Company as at the date of this announcement
“Vendors”	collectively, the Vendor A and the Vendor B
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board  
**Asia Resources Holdings Limited**  
**Wu Hongquan**  
*Chairman*

Hong Kong, 29 June 2016

# *The English translation of the Chinese names or words in this announcement, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.18. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.*

*As at the date of this announcement, the Board consists of five executive Directors, Mr. Wu Hongquan, Mr. Huang Yilin, Mr. Chan Shi Yin, Keith, Ms. Li Yali and Mr. Zhang Zhensheng; and three independent non-executive Directors, Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ho Chun Kit, Gregory*