

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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 advisers.

If you have sold or transferred all your shares in Asia Resources Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the stockbroker, registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**(1) MAJOR AND CONNECTED TRANSACTION –  
ACQUISITION OF PROPERTIES  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING**

**Financial Adviser to the Company**



**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**Platinum Securities Company Limited**

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Capitalised terms used herein have the meanings set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 4 to 15 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 16 to 17 of this circular. A letter from Platinum Securities Company Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 39 of this circular.

A notice convening the SGM to be held at Empire Room 1, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 12 February 2018 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of 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 the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company, Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong 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 (as the case may be).

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 (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## DEFINITIONS

*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“Acquisition”	the acquisition of the Properties by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement and the transactions contemplated thereunder
“Announcement”	the announcement of the Company dated 12 October 2017 relating to, amongst others, the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Building T3”	the 35-storey building, under the Shenyang Commodity Housing Pre-sale Permit No. 16122, situated at 46 Nanjing North Street, which is part of the land situated at Shifu Main Road, Heping District, Shenyang City, Liaoning Province, PRC (reference number 011652204-2)
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of Stock Exchange
“Completion”	the completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB625,000,000 payable by the Purchaser in respect of the Acquisition under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Guarantee”	the letter of guarantee dated 20 October 2017 executed by Mr. Li Yuguo in favour of the Purchaser given pursuant to the Sale and Purchase Agreement

## DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ng Ping Yiu, formed to advise the Independent Shareholders in relation to the Acquisition
“Independent Shareholders”	Shareholders other than (i) Mr. Li Yuguo and his associates; and (ii) any Shareholders who have a material interest in the Acquisition
“Latest Practicable Date”	18 January 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Platinum” or “Independent Financial Adviser”	Platinum Securities Company Limited, a licensed corporation registered under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the properties comprising Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC under the Shenyang Commodity Housing Pre-sale Permit No. 16122

## DEFINITIONS

“Purchaser”	Asiaciti Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency for the time being of PRC
“Sale and Purchase Agreement”	the agreement dated 12 October 2017 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Properties
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at Empire Room 1, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 12 February 2018 at 11:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of par value of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Valuer”	Savills Valuation and Professional Services Limited, an independent professional valuer appointed by the Company for the valuation of the Properties
“Vendor”	遼寧京豐置業有限公司, a company incorporated in the PRC with limited liability and beneficially owned by Mr. Li Yuguo, a substantial shareholder and the chairman and executive Director of the Company, and hence a connected person of the Company
“%”	percentage

\* *The English translation of Chinese names is included for information purposes only and should not be regarded as their official English translation.*

# 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. Li Yuguo (*Chairman*)  
Mr. Huang Yilin (*Chief Executive Officer*)  
Mr. Chan Shi Yin, Keith  
Mr. Liu Yan Chee, James  
Mr. Chan Yuk Sang

*Independent Non-Executive Directors:*

Mr. Zhang Xianlin  
Mr. Kwok Hong Yee, Jesse  
Mr. Ng Ping Yiu

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Principal place of business*

*in Hong Kong:*  
Unit 4312, 43/F, COSCO Tower  
183 Queen's Road Central  
Hong Kong

22 January 2018

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION –  
ACQUISITION OF PROPERTIES  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING**

### INTRODUCTION

In the Announcement, the Board announced that the Vendor and the Purchaser entered into the Sale and Purchase Agreement on 12 October 2017 (after trading hours), pursuant to which, the Vendor has conditionally agreed to sell, and the Purchaser, being an indirect wholly-owned subsidiary of the Company, has conditionally agreed to acquire, the Properties at the consideration of RMB625,000,000 (subject to adjustment (if any) as set out under the section headed "1. THE SALE AND PURCHASE AGREEMENT" below).

The purpose of the circular is to provide you with, among other things, (i) further details of the Acquisition; (ii) the financial and general information of the Group; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iv) a letter of advice from the Independent Financial Adviser to advise the Independent Board

\* For identification purpose only

## LETTER FROM THE BOARD

Committee and the Independent Shareholders in respect of the Acquisition; (v) the unaudited pro forma financial information of the Group; (vi) the valuation report in respect of the Properties; and (vii) other information as required under the Listing Rules together with a notice of the SGM and a form of proxy.

The Sale and Purchase Agreement sets out the terms and conditions of the Acquisition, the key terms of which are summarised as follows:

### 1. THE SALE AND PURCHASE AGREEMENT

#### Date

12 October 2017 (after trading hours)

#### Parties

Purchaser: Asiaciti Investment Limited, a company incorporated in Hong Kong with limited liability

Vendor: 遼寧京豐置業有限公司, a company incorporated in the PRC with limited liability

The Purchaser is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is beneficially wholly-owned by Mr. Li Yuguo, who is a substantial shareholder holding approximately 15.76% of the issued share capital of the Company as at the Latest Practicable Date, and the chairman and executive Director of the Company. Accordingly, the Vendor is an associate (as defined in the Listing Rules) of Mr. Li Yuguo and hence a connected person of the Company under Chapter 14A of the Listing Rules.

#### Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Properties.

The Properties comprise Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC. The gross floor area of the Properties, consisting office area, refuge floors and plant rooms, is approximately 34,754.58 sq.m., of which the gross floor area of approximately 30,480.96 sq.m. is intended for office use and the gross floor area of approximately 4,273.62 sq.m. is intended to be used as refuge floors and plant rooms. As at the Latest Practicable Date, the Properties were under construction.

It is currently intended that, upon completion of the construction and delivery of the Properties, the Properties will be leased out as offices by the Group.

## LETTER FROM THE BOARD

### Consideration

The Consideration shall be RMB625,000,000 being approximately RMB20,500 per sq.m. multiplied by 30,480.96 sq.m. (being gross floor area intended for office use).

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) 5% of the Consideration to be payable within 10 days upon the signing of the Sale and Purchase Agreement;
- (b) 10% of the Consideration to be payable within 10 days upon the Independent Shareholders' having approved at the SGM by way of ordinary resolution(s) the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (c) 65% of the Consideration to be payable within 10 days after 80% of the total investment amount having been invested to the Purchaser's satisfaction (the Vendor will have to provide the related financial information and all of the supporting documents to the Purchaser);
- (d) 10% of the Consideration to be payable within 10 days after 90% of the total investment amount having been invested to the Purchaser's satisfaction (the Vendor will have to provide the related financial information and all of the supporting documents to the Purchaser); and
- (e) 10% of the Consideration to be payable within 10 days of the date of the Completion in accordance with the Sale and Purchase Agreement.

In the event that the area shown in the building ownership registration certificate differs from the agreed area in the Sale and Purchase Agreement, (a) the area shown in building ownership registration certificate shall prevail; and (b) both the Vendor and the Purchaser have agreed that, after delivery of the Properties:

1. both parties shall not be liable to make any compensation if the absolute value of the area deviation percentage is 0.6% or below;
2. both parties shall refund the excessive amount or make additional payment (as the case may be) based on the unit price as stipulated in the Sale and Purchase Agreement if the absolute value of the area deviation percentage is greater than 0.6% and equal to or below 1%; and
3. if the absolute value of the area deviation percentage is greater than 1%, the Purchaser shall be entitled to elect to be refunded or make additional payment (as the case may be) or return the Properties acquired under the Sale and Purchase Agreement. If the Purchaser elects to return the Properties, the Vendor shall refund all of the Consideration paid by the Purchaser and the interests thereon (incurred from payment



## LETTER FROM THE BOARD

date to refund date, based on the interest rate for RMB denominated demand deposits offered by The People's Bank of China as at the refund date) within 30 days commencing on the date when the written request of returning the Properties is made by the Purchaser.

The absolute value of the area deviation between the area shown in the building ownership registration certificate and the agreed area in the Sale and Purchase Agreement shall be calculated with reference to the formula below:

$$\text{Absolute value of the area deviation percentage} = \frac{\text{area as shown in building ownership registration certificate} - \text{agreed area in the Sale and Purchase Agreement}}{\text{agreed area in the Sale and Purchase Agreement}} \times 100\%$$

If the Purchaser fails to make any payments of the Consideration in accordance with the relevant due date for such payment under the Sale and Purchase Agreement, the Purchaser is liable to pay to the Vendor a daily fee of 0.02% of such amount of the Consideration due for payment (the "Default Payment"), accruing from the day following the due date of the relevant part of the Consideration to the day of full repayment of such relevant part of the Consideration. The total amount of such daily fees payable by the Purchaser to the Vendor shall not exceed 2% of the Consideration.

In the event that the Purchaser fails to make the payment of the Consideration and the relevant Default Payment for more than 180 days, the Vendor shall have the right to terminate the Sale and Purchase Agreement unilaterally and require the Purchaser to pay the Default Payment in the amount of 2% of the Consideration. Subsequent to the Default Payment made by the Purchaser, the Vendor shall return to the Purchaser all payments of the Consideration paid by the Purchaser to the Vendor without interest.

The Company will comply with the applicable Listing Rules if additional payment is made resulting in different classification of the Acquisition under Chapter 14 of the Listing Rules.

### **Basis of the Consideration**

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser under normal commercial terms and with reference to, among others, the preliminary valuation of the Properties at RMB625,000,000 as at 30 September 2017, which was carried out by the Valuer and based on completion basis on direct comparison approach by making reference to comparable property transactions available in the market.

## LETTER FROM THE BOARD

### Conditions precedent of the Sale and Purchase Agreement

The Completion is conditional on:

- (i) all necessary consents, approvals and exemptions (if any) required to be obtained on the part of the Purchaser in respect of the Acquisition having been obtained;
- (ii) all necessary consents, approval and exemptions (if any) required to be obtained on the part of the Vendor in respect of the sale of the Properties having been obtained;
- (iii) the Vendor having provided, to the Purchaser's satisfaction, all documentary evidence that the construction of the Properties has been completed in full compliance with the relevant laws and regulations and legal and valid interests in the Properties;
- (iv) Mr. Li Yuguo having provided the Purchaser with a letter of guarantee assuming joint and several liability to the satisfaction of the Purchaser;
- (v) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from an independent professional valuer appointed by the Purchaser showing the valuation of the Properties as at 30 September 2017 to be not less than RMB625,000,000;
- (vi) the obtaining by the Purchaser of a legal opinion (in form and substance satisfactory to the Purchaser) issued by a practising lawyer in the PRC; and
- (vii) the Independent Shareholders having approved by way of ordinary resolution(s) at a SGM the Sale and Purchase Agreement and the transactions contemplated thereunder.

If the conditions above have not been fulfilled (or waived) before 31 December 2019 or such other date as the Vendor and the Purchaser may agree in writing, the Sale and Purchase Agreement shall terminate whereupon the parties thereto shall have no further claims against each other under the Sale and Purchase Agreement save for any accrued rights prior to such termination. The Vendor shall refund to the Purchaser all payments of Consideration paid within 10 days after written notice of termination is served by the Purchaser or such other date as the Vendor and the Purchaser may agree in writing.

As at the Latest Practicable Date, conditions (iv), (v) and (vi) above had been fulfilled.

## LETTER FROM THE BOARD

### **Guarantee**

On 20 October 2017, Mr. Li Yuguo executed an irrevocable letter of guarantee in favour of the Purchaser, whereby Mr. Li Yuguo undertook with the Purchaser that, in the event of the Vendor's failure to perform any contractual obligations under the Sale and Purchase Agreement, Mr. Li Yuguo shall be jointly and severally liable with the Vendor in respect of any default payment and/or refund of all payment of the Consideration made by the Purchaser, which may arise due to any default of the obligations under the Sale and Purchase Agreement on the part of the Vendor.

### **Completion**

According to the Sale and Purchase Agreement, the Completion shall take place before 31 December 2019 or such other date as the Vendor and the Purchaser may mutually agree in writing. Upon satisfaction of the delivery conditions for the Properties under the Sale and Purchase Agreement, the Vendor shall notify the Purchaser in writing to commence the procedures for delivery of the Properties. Where the Purchaser and the Vendor carry out the inspection and acceptance procedures in respect of the Properties, the Vendor shall produce the inspection approval certificate (which refers to the construction project inspection certificate issued by the Shenyang Urban and Rural Construction Commission and represents that the entire construction project has met the overall qualifying standard and can be delivered for the use of customers) and sign the delivery document. In the event that the Vendor fails to duly produce the aforesaid certificate, the Purchaser has the right to refuse to accept the delivery of the Properties, upon which any liability of delayed delivery resulting therefrom shall be assumed by the Vendor.

If the Vendor fails to deliver the Properties to the Purchaser in accordance with the Sale and Purchase Agreement on or before 31 December 2019 (which, according to the PRC legal opinion (refer to page 11 of this circular for additional information) issued by the PRC legal adviser, China Commercial Law Firm, Guangdong, dated 18 January 2018, includes the failure of the Vendor to procure release of all encumbrances on the Properties before the delivery of the Properties to the Purchaser before 31 December 2019 pursuant to the terms of the Sale and Purchase Agreement), the Vendor shall be liable to pay to the Purchaser a daily fee of 0.02% of the Consideration paid by the Purchaser, accruing from the day following the due date for delivery under the Sale and Purchase Agreement to the date of actual delivery of the Properties to the Purchaser. The total amount of such daily fees payable by the Vendor to the Purchaser shall not exceed 2% of the Consideration.

In the event that the Vendor fails to deliver the Properties as scheduled, the Purchaser shall have the right to terminate the Sale and Purchase Agreement unilaterally and require the Vendor to make a default payment in the amount of 2% of the Consideration and to return to the Purchaser the Consideration paid by the Purchaser.

In determining whether to exercise the termination right, the Company will consider factors including but not limited to (i) the expected time of delivery of the Properties; and (ii) the market price of the Properties at the relevant time.

## LETTER FROM THE BOARD

Where the Purchaser fails to accept the delivery of the Properties as scheduled due to its own reasons, the Purchaser shall, from the date on which the Vendor notifies the Purchaser in writing to commence the delivery procedures, be deemed to have acknowledged that the Properties have satisfied the delivery conditions and Vendor has actually delivered the Properties to the Purchaser. The Vendor shall have the right to request the Purchaser to pay the final installment of Consideration and relevant default penalty in accordance with the terms of the Sale and Purchase Agreement.

### **2. SOURCE OF FUNDING**

The Company will fund the Acquisition with its internal resources and/or bank borrowings and/or any financial assistance of up to RMB500,000,000 from Mr. Li Yuguo in accordance with the actual needs of the Company on a fully unsecured basis on the loan(s) actually drawn down at (i) an interest rate of 4% per annum or (ii) any interest rate at which the Company is able to borrow an amount equal to the relevant loan from a bank or financial institution, whichever is lower, for a period of three years from 1 November 2017. Such financial assistance is not restricted for the use of the settlement of the Consideration payable.

As at the Latest Practicable Date, the Company is in the process of negotiation with a commercial bank for banking facilities for the purpose not limited to settling any Consideration payable not covered by the Company's internal resources at the time of payment in accordance with the Sale and Purchase Agreement. If the banking facilities are not ready for draw down at the time of payment in accordance to the Sale and Purchase Agreement, the Company might treat the financial assistance from Mr. Li Yuguo as alternative funding to settle any Consideration payable not covered by the Company's internal resources.

Since the financial assistance from Mr. Li Yuguo is on normal commercial terms or better, and will not be secured by any assets of the Group, the financial assistance is fully exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

### **3. INFORMATION ABOUT THE COMPANY, THE GROUP, THE PURCHASER AND THE VENDOR**

The Company is an investment holding company.

The Group is principally engaged in (i) iron mining business; (ii) securities and other trading business; (iii) money lending business; and (iv) property investment.

The Purchaser is principally engaged in investment holding.

The Vendor is a company incorporated in the PRC with limited liability, and is principally engaged in property development, property leasing and sales.

## LETTER FROM THE BOARD

### 4. INFORMATION ABOUT THE PROPERTIES

The parcel of land at which the Properties is situated is part of the Shifu Main Road, Heping District, Shenyang City, Liaoning Province, PRC, with the reference number of 011652204-2 and a site area of 25,120.02 sq.m. (the "Land Parcel"). The land use right of the Land Parcel is governed by the Land Use Right Contract No. 2101012014A0030 and the State-owned Land Use Certificate – Shenyang Guo Yong (2015) Di 0002 Hao dated 22 January 2015.

Based on the legal opinion dated 18 January 2018 issued by the Purchaser's PRC legal adviser, China Commercial Law Firm, Guangdong, regarding the title to the Properties, among other things, (i) the Vendor has fully paid the land premium and is the legal owner of the land use rights of the Land Parcel; (ii) the Vendor has obtained all necessary approvals, permits and registrations for the construction of the Properties which is in compliance with the relevant requirements under the PRC laws; (iii) the Vendor is the owner of the building of the Properties and is entitled to the rights to transfer, lease, mortgage or handle in other ways such portion of the Properties; (iv) the Vendor has obtained the Pre-sale Permit for part of the Properties and is entitled to pre-sell such relevant part of the Properties; (v) the Properties are subject to mortgages in favour of Shengjing Bank Co., Ltd. Shenyang Sub-branch and Huaxin Trust Co., Ltd as shown on the state-owned land use right certificate and the Vendor has warranted in the Sale and Purchase Agreement that prior to the delivery of the Properties by the Vendor to the Purchaser, the Properties shall be free from any mortgages, encumbrances or restrictions; and (vi) the Properties can be used as office and for transfers and leasing operations.

Set out below are the further details of Building T3 and the Properties:

Registered owner:	遼寧京豐置業有限公司
Date of Issue of the land use right certificate:	22 January 2015
Term of the land use right:	until 13 April 2054 for commercial use and until 13 April 2084 for residential use
Type of land usage of the Land Parcel:	residential and commercial uses
Total number of floors of Building T3 (above the ground):	35 floors
Gross Floor Area of Building T3 (above the ground):	approximately 41,184.46 sq.m.

## LETTER FROM THE BOARD

Expected saleable gross floor area of the Properties:	approximately 34,754.58 sq.m.
Expected completion year of the Building T3:	By the end of 4th quarter of 2018
Current construction status of the Building T3:	Under development

With reference to the final valuation report of the Properties issued by the Valuer, the valuation of the Properties was approximately RMB625,000,000 as at 30 September 2017.

According to the representation from the Vendor to the Purchaser, (i) as at the Latest Practicable Date, the structural roof sealing of Building T3 had been completed; and (ii) it is expected that the construction of the Properties will be completed at the end of the 4th quarter of 2018. After taking into consideration the expected completion date of the construction of the Properties and in order to allow time for the Vendor and the Purchaser to carry out the post-construction inspection and acceptance procedures and the filings procedures for record to authorities for the Properties, which is expected to last for 6 to 12 months, the Company considers that it is reasonable and prudent to expect that Completion shall take place before 31 December 2019.

The Properties are located at Heping district, which is the core commercial business area, and with surrounding area with systematic transportation planning and infrastructure, in which a subway line is expected to be opened to traffic in 2020.

As at the Latest Practicable Date, there are no signed tenancy contracts for the Properties.

### **5. REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Vendor was introduced to the Company by Mr. Li Yuguo, the chairman and executive director of the Company as well as the ultimate beneficial owner of the Vendor, after Mr. Li Yuguo became the executive director of the Company in August 2017. The Company has not searched for other property target in the PRC and the reasons of choosing the Properties to be acquired by the Group are set forth below.

The grade A office leasing market in Shenyang is relatively stable in terms of average rent in the second quarter of 2017. The management of the Company is prudently optimistic about the grade A office leasing market in Shenyang in the long run as it is expected to benefit from the launch of the China (Liaoning) Pilot Free Trade Zone in the second quarter of 2017 in Shenyang.

Moreover, the Properties are located at Heping district, which is the core commercial business area, and with surrounding area with systematic transportation planning and infrastructure, in which a subway line is expected to be opened to traffic in 2020, and therefore the Acquisition is an attractive opportunity for the Company to acquire the Properties for leasing purposes in order to generate a steady flow of rental income for the Group in the future.

## LETTER FROM THE BOARD

Further, according to the Vendor, the construction of the Properties is expected to be completed by the end of the 4th quarter of 2018 and the structural roof sealing, a substantial part of the construction, has been completed as at the Latest Practicable Date. As the management of the Company is prudently optimistic about the grade A office leasing market in Shenyang in the long run and in order to lock up the purchase price of the Properties in October 2017, the Company decided to enter into the Sale and Purchase Agreement before the expected completion date of the construction of the Properties, i.e. by the end of the 4th quarter of 2018.

In view of the above, the Board (excluding the independent non-executive Directors and Mr. Li Yuguo) considers that the Sale and Purchase Agreement has been entered into on normal commercial terms and the terms thereto are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

Save as disclosed in this circular, as at the Latest Practicable Date, the Company has no intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about acquisition or injection of any new business and disposal or downsizing of the Group's existing business.

Mr. Li Yuguo, the Director who has a material interest in the Acquisition by virtue of his shareholding interests in the Company and the Vendor (as disclosed herein), has abstained from voting on the board resolution of the Company approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

### 6. FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

It is intended that, after the Completion, the Properties would be held for leasing to generate stable income in the future, and thus the Acquisition is expected to have positive effect on the Group's earnings in future years after 31 December 2019 upon full or substantial occupancy.

Based on the unaudited pro forma statement of assets and liabilities as set out in Appendix II to this circular, assuming Completion had taken place on 30 September 2017, the pro forma total assets of the Group would have increased by approximately HK\$315.7 million from approximately HK\$2,903.1 million as at 30 September 2017 to approximately HK\$3,218.8 million, and the total liabilities of the Group would have increased by approximately HK\$319.9 million from approximately HK\$654.8 million as at 30 September 2017 to approximately HK\$974.7 million.

### 7. IMPLICATIONS UNDER THE LISTING RULES

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is beneficially wholly owned by Mr. Li Yuguo, who is, as at the Latest Practicable Date, a substantial Shareholder holding approximately 15.76% of the issued share capital of the Company, and the chairman and an executive Director of the Company. Accordingly, the Vendor is an associate of Mr. Li Yuguo and hence is a connected person of the Company under Chapter 14A of the Listing Rules, the Acquisition therefore constitutes a connected transaction of the Company, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

The financial assistance from Mr. Li Yuguo will also constitute a connected transaction of the Company as he is a connected person of the Company under Chapter 14A of the Listing Rules. However, since the financial assistance will not be secured by any assets of the Group, and as the Directors (excluding Mr. Li Yuguo) consider that the financial assistance is on normal commercial terms or better, the financial assistance is fully-exempted from Independent Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company, and is subject to the relevant reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the Acquisition. A Letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. Platinum has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out from page 18 to page 39 of this circular.

### 8. SGM

The SGM will be convened and held for the Independent Shareholders to, among other things, consider and, if thought fit, approve the Acquisition.

A notice convening the SGM to be held at Empire Room 1, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 12 February 2018 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, approving the ordinary resolutions set out therein..

The voting in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM will be conducted by way of poll. Mr. Li Yuguo, a substantial Shareholder holding approximately 15.76% of the issued share capital of the Company as at the Latest Practicable Date, and his associates, as well as any other Shareholders who have a material interest in the Acquisition, are required to abstain from voting in respect of the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

Save for the aforesaid and to the Directors' best knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder has any material interest in the Acquisition and therefore is required to abstain from voting on the proposed resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.



## LETTER FROM THE BOARD

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 the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company, Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong 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 (as the case may be). 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 (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

### 9. RECOMMENDATION

Your attention is drawn to the letter of the Independent Board Committee set out on pages 16 to 17 of this circular, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 18 to 39 of this circular in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the view that the terms of the Sale and Purchase Agreement, which have been reached after arm's length negotiations among the parties thereto, are on normal commercial terms, fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Board (excluding Mr. Li Yuguo and the members of the Independent Board Committee) considers that the terms of the Sale and Purchase Agreement, which have been reached after arm's length negotiations among the parties thereto, are on normal commercial terms, fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (excluding Mr. Li Yuguo and the members of the Independent Board Committee) recommends the Independent Shareholders to vote in favour of the resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

### 10. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Asia Resources Holdings Limited**  
**Huang Yilin**  
*Executive Director*

**Asia Resources Holdings Limited**  
**亞洲資源控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 899)**

22 January 2018

*To the Independent Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION –  
ACQUISITION OF PROPERTIES**

We refer to the circular of the Company dated 22 January 2018 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the Acquisition and to advise you as to whether, in our opinion, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. Platinum Securities Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We also wish to draw your attention to (i) the letter from the Board; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendices to the Circular.

\* *For identification purpose only*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Having considered the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, and having taken into account the opinion of the Independent Financial Adviser and, in particular, the reasons and recommendations as set out in the letter from the Independent Financial Adviser from pages 18 to 39 of the Circular, we consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, the entering of the Sale and Purchase Agreement is in the ordinary and usual course of the business of the Company, and the Acquisition is in the interests of the Independent Shareholders and the Company as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the SGM to approve, among other matters, the Acquisition.

Yours faithfully,

For and on behalf of the  
Independent Board Committee of  
**Asia Resources Holdings Limited**

**Mr. Zhang Xianlin**

**Mr. Kwok Hong Yee, Jesse**  
*Independent Non-executive Directors*

**Mr. Ng Ping Yiu**

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of incorporation into this circular.*



**PLATINUM** Securities Company Limited

21/F, LHT Tower  
31 Queen's Road Central  
Hong Kong

**Telephone** (852) 2841 7000  
**Facsimile** (852) 2522 2700  
**Website** [www.platinum-asia.com](http://www.platinum-asia.com)

22 January 2018

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION – ACQUISITION OF PROPERTIES**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder (the “**Transaction**”). Details of the Transaction are contained in the circular of the Company dated 22 January 2018 (the “**Circular**”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board announced on 12 October 2017 that the Purchaser, being a wholly owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Properties at a consideration of RMB625,000,000.

#### **BASIS OF OUR OPINION**

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the Sale and Purchase Agreement and the transactions contemplated thereunder, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and to give independent advice to the Independent Board Committee and the Independent Shareholders.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things: (i) the Sale and Purchase Agreement; (ii) the announcement of the Company dated 12 October 2017 (the “**Announcement**”); (iii) the audited annual report of the Company for the year ended 31 March 2017 (the “**2017 Annual Report**”) and the audited annual report of the Company for the year ended 31 March 2016 (the “**2016 Annual Report**”); (iv) the unaudited interim report of the Company for the six months ended 30 September 2017 (the “**2017/2018 Interim Report**”); and (v) the independent valuation report dated 31 December 2017 (the “**Valuation Report**”) prepared by Savills Valuation and Professional Services Limited (the “**Independent Valuer**”).

We have assumed that all information, facts, opinions and representations contained in the Circular and all information, statements and representations provided to us by the Directors and/or the management of the Company, which we have relied on, are true, complete and accurate and not misleading in all material respects as of the date hereof and we and the Independent Shareholders will be notified by the Company of any material changes thereof as soon as practicable. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Directors and/or management of the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors and/or management of the Company which have been provided to us. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Transaction.

As at the Latest Practicable Date, we were independent from, and were not associated with the Company or any other party to the Transaction, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the Transaction. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Transaction or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ng Ping Yiu, has been established to advise the Independent Shareholders as to whether the Sale and Purchase Agreement and the transactions contemplated thereunder, are on normal commercial terms and the terms of Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and how the Independent Shareholders should vote in respect of the resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

### 1. Background of the Transaction

The Vendor and the Purchaser entered into the Sale and Purchase Agreement on 12 October 2017, pursuant to which, the Vendor has conditionally agreed to sell, and the Purchaser, being an indirect wholly owned subsidiary of the Company, has conditionally agreed to acquire, the Properties at a consideration of RMB625,000,000 (subject to adjustment (if any) as set out under the section headed “1. THE SALE AND PURCHASE AGREEMENT” with reference made to the Letter from the Board).

#### 1.1 Information on the Company and the Group

The Company was incorporated in Bermuda and acts as an investment holding company. The Group is principally engaged in (i) iron mining business, (ii) securities and other trading business (iii) money lending business; and (iv) property investment. We noted from the management of the Company that the Group has focused its effort on property development and property investment businesses in PRC and money lending business in Hong Kong in recent years.

Set out below are the financial highlights of the Company’s consolidated financial statements extracted from the 2017 Annual Report and 2017/2018 Interim Report:

*Table 1: Financial highlights of the Company’s consolidated financial statements*

	For the year ended 31 March 2016 <i>(HK\$’000)</i> (audited)	For the year ended 31 March 2017 <i>(HK\$’000)</i> (audited)	For the six months ended 30 September 2017 <i>(HK\$’000)</i> (unaudited)
Revenue	4,454	6,651	1,838
Loss for the year/period	(92,764)	(93,804)	(59,786)
Cash and cash equivalents	505,485	464,026	426,205
Total assets	2,560,721	2,433,016	2,903,137
Net assets	2,039,868	1,875,066	2,248,356
Total debts	198,094	209,769	221,599

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Company's consolidated financial statements prepared in accordance with the Hong Kong Financial Reporting Standards, we noted that the Group's revenue from continuing operations amounted to approximately HK\$6.7 million for the year ended 31 March 2017 ("FY2017") which represented an increase of approximately 49.3% as compared with approximately HK\$4.5 million for the year ended 31 March 2016 ("FY2016"). The revenue for FY2017 is mainly derived by the money lending business. However, the Company recorded a loss of approximately HK\$93.8 million for the year ended 31 March 2017 (Loss for FY2016: approximately HK\$92.8 million) and such loss was mainly due to the decrease in other revenue from other trading business and the increase in the loss sharing to the owners.

The cash and cash equivalents of the Group amounted to approximately HK\$426.2 million as at 30 September 2017 ("HY2017/2018"), representing a decrease of approximately 8.2% as compared with approximately HK\$464.0 million in FY2017. The total assets of the Group increased by approximately HK\$470.1 million to approximately HK\$2,903.0 million in HY2017/2018 as compared with approximately HK\$2,433.0 million in FY2017, while the net assets value of the Group recorded approximately HK\$2,248.4 million in HY2017/2018, representing an increase of approximately 19.9% as compared to FY2017 of approximately HK\$1,875.1 million. The Group's total debts increased slightly of approximately 5.6% to HK\$221.6 million in HY2017/2018 as compared with approximately HK\$209.8 million in FY2017.

### *1.2 Information on the Vendor and the Properties*

The Vendor is a company incorporated in the PRC with limited liability, and is principally engaged in property development, property leasing and sales.

The parcel of land at which the Properties is situated is part of the Shifu Main Road, Heping District, Shenyang City, Liaoning Province, PRC, with the reference number of 011652204-2 and a site area of 25,120.02 sq.m. (the "Land Parcel"). The land use right of the Land Parcel is governed by the Land Use Right Contract No. 2101012014A0030 and the State-owned Land Use Certificate – Shenyang Guo Yong (2015) Di 0002 Hao dated 22 January 2015.

Based on the legal opinion dated 18 January issued by the Purchaser's PRC legal adviser, China Commercial Law Firm, Guangdong, regarding the title to the Properties, among other things, (i) the Vendor has fully paid the land premium and is the legal owner of the land use rights of the Land Parcel; (ii) the Vendor has obtained all necessary approvals, permits and registration for the construction of the Properties which is in compliance with the relevant requirements under the PRC laws; (iii) the Vendor is the owner of the building of the Properties and is entitled to the rights to transfer, lease, mortgage or handle in other ways such portion of the Properties; (iv) the Vendor has obtained the Pre-sale Permit of the Properties and is entitled to pre-sell the Properties; (v) the Properties are subject to mortgages in favour of Shengjing Bank Shenyang Branch and Huaxin Trust Co., Ltd as shown on the state-owned land use right certificate and the Vendor has warranted in the Sale and Purchase Agreement that prior to the delivery of the Properties by the Vendor to the Purchaser, the Properties shall be free from any mortgages, encumbrances or restrictions; and (vi) the Properties can be used as office and for transfers and leasing operations.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are the further details of the Building T3 and the Properties:

Registered owner:	遼寧京豐置業有限公司
Date of Issue of the land use right certificate:	22 January 2015
Term of the land use right:	until 13 April 2054 for commercial use and until 13 April 2084 for residential use
Type of land usage of the Land Parcel:	residential and commercial uses
Total number of floors of Building T3 (above the ground):	35 floors
Gross Floor Area of the Building T3 (above the ground):	approximately 41,184.46 sq.m.
Expected saleable gross floor area of the Properties:	approximately 34,754.58 sq.m.
Expected completion year of the Building T3:	By the end of 4th quarter of 2018
Current construction status of the Building T3:	Under development

With reference to the final valuation report of the Properties issued by an the Valuer appointed by the Company, the valuation of the Properties was approximately RMB625 million as at 31 December 2017.

According to the representation from the Vendor to the Purchaser, (i) as at the Latest Practicable Date, the structural roof sealing of Building T3 had been completed; and (ii) it is expected that the construction of the Properties will be completed at the end of the 4th quarter of 2018. After taking into consideration the expected completion date of the construction of the Properties and in order to allow time for the Vendor and the Purchaser to carry out the post-construction inspection and acceptance procedures and the filings procedures for record to authorities for the Properties, which is expected to last for 6 to 12 months, the Company considers that it is reasonable and prudent to expected that Completion shall take place before 31 December 2019. The Properties are located at Heping district, which is the core commercial business area, and its surrounding area with systematic transportation planning and infrastructure, in which a subway line is expected to be opened to traffic in 2020.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Properties are located at Heping district, which is the core commercial business area, and with surrounding area with systematic transportation planning and infrastructure, in which a subway line is expected to be opened to traffic in 2020.

As at the Latest Practicable Date, there are no signed tenancy contracts for the Properties.

### 2. Overview of Shenyang and commercial property market in Mainland China

Shenyang is the provincial capital and the largest city of Liaoning Province, PRC, as well as the largest city in Northeast China by urban population. Along with its nearby cities, Shenyang is an important industrial center in China, and serves as the transportation and commercial hub of Northeast of China. Set out below a summary that shows the Shenyang population and gross domestic product (“GDP”):

*Table 2: Shenyang population and GDP*

	2012	2013	2014	2015	2016
Shenyang registered population ( <i>in million</i> )	7.25	7.27	7.31	7.30	7.34
Shenyang GDP ( <i>in RMB billion</i> )	660.3	715.9	709.9	727.2	546.0

Source: National Bureau of Statistics of China<sup>1</sup>, Shenyang Statistical Information Net<sup>2</sup>

As illustrated in table 2, Shenyang GDP gradually increased from approximately RMB660.3 billion in 2012 to approximately RMB727.2 billion in 2015, but experienced a decrease of approximately 24.9% to approximately RMB546.0 billion in 2016 comparing with the same period of the previous year. We noted that such decrease was mainly due to the recession of the agriculture and industrial manufacturing industry during the period. Nevertheless, Shenyang registered population has slightly increased from 7.25 million in 2012 to 7.34 million in 2016 over the past 5 years. We think that although the Shenyang GDP in 2016 recorded a negative growth, it might be an accidental inversion or an one-off event. We consider that the increasing population of Shenyang might be favourable to the overall Shenyang property market in the long term.

In addition, the accelerating economic growth in China has positive implications on the Chinese property market. China’s real GDP growth in Q2 2017 was 6.9%, the same growth rate in Q1 2017. The International Monetary Fund (“IMF”) recently has revised China’s GDP growth projection at 6.7% for the full year of 2017 (previous forecast in April 2017 on China’s GDP growth rate was 6.4%) to reflect continued external demand and the stronger than expected 1H2017 outcome<sup>3</sup>. Under the current economic backdrop, the Chinese office market has shown increasing transaction values indicating demand for office space.

<sup>1</sup> Source: <http://data.stats.gov.cn/easyquery.htm?cn=E0105&zb=A01&reg=210100&sj=2015>

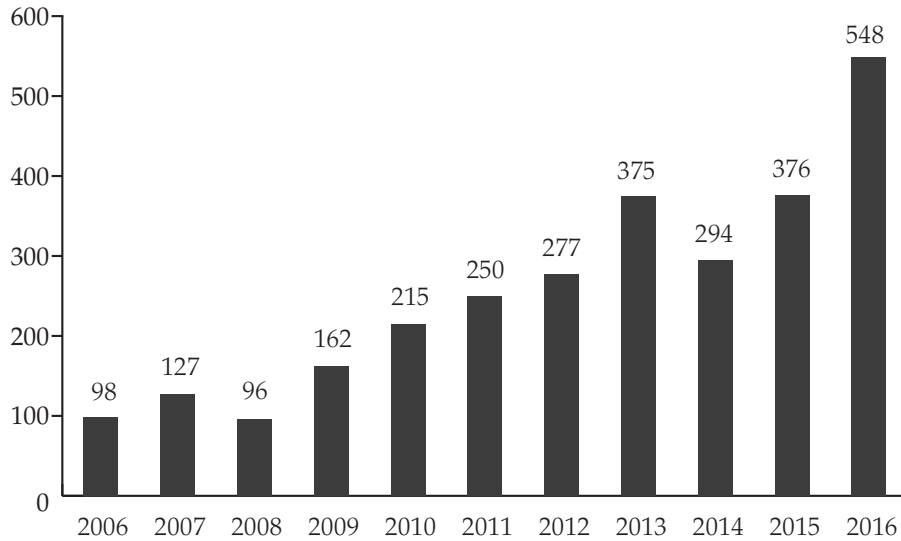
<sup>2</sup> Source: <http://www.sysinet.gov.cn/news.aspx?ID=12993>

<sup>3</sup> Source: <https://www.reuters.com/article/us-china-economy-imf/imf-raises-china-2017-growth-forecast-again-partly-due-to-policy-support-idUSKBN1950KR>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Exhibit 1: Total Chinese office transaction value for the last 10 years*

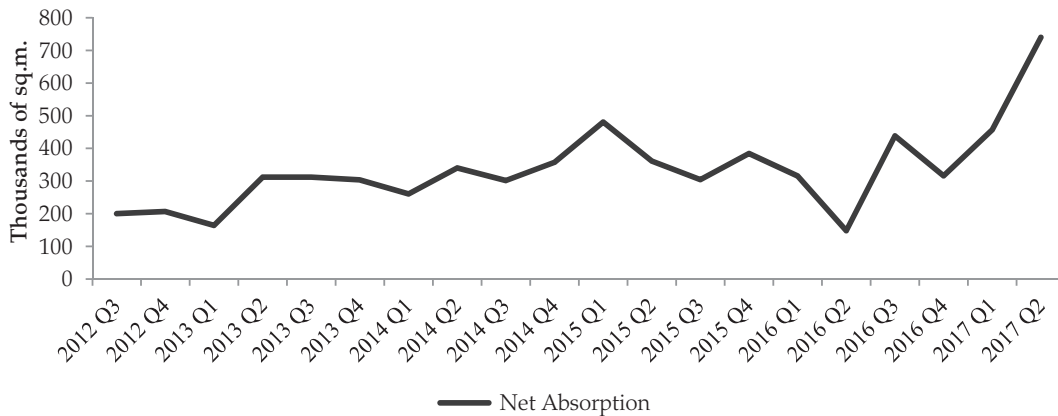
(in RMB billion)



Source: National Bureau of Statistics of China<sup>4</sup>

For the last 10 years, the total transaction value per year of Chinese offices has increased approximately 4.6 times from approximately RMB98 billion in 2006 to approximately RMB548 billion in 2016. In addition, the prime office demand remains solid as the prime office net absorption in first-tier cities surged rapidly in Q2 2017.

*Exhibit 2: Tier-1 cities office net absorption*



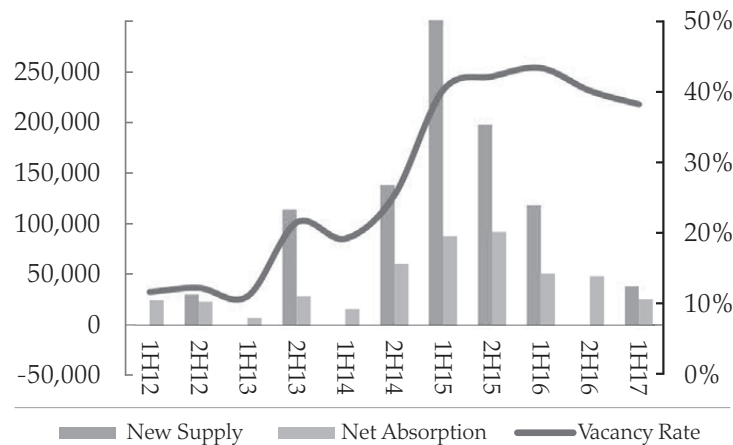
Source: Bloomberg

<sup>4</sup> Source: <http://data.stats.gov.cn/easyquery.htm?cn=C01&zb=A051L&sj=2015>  
[http://www.stats.gov.cn/tjsj/zxfb/201701/t20170120\\_1455967.html](http://www.stats.gov.cn/tjsj/zxfb/201701/t20170120_1455967.html)

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

According to a research report issued on 31 July 2017 regarding the Shenyang office market in first half of 2017 by Colliers International<sup>5</sup>, an industry leading global real estate company, we note that the net absorption mainly focused on buildings completed in recent years was amounted to approximately 25,000 sq.m. in the first half of 2017, representing a decrease of approximately 47.6% comparing with the same period of last year. The vacancy rate declined approximately 1.9% half year on half year that is mainly due to an existing project withdrawn from the market and therefore lead to the total supply of the prime office has a slight decrease by approximately 0.4%. According to the findings of Colliers International’s research report, domestic companies from the finance and insurance sectors served as the key demand generators of the absorptions of Shenyang prime office market on the basis that the financial institutions in the North Station CBD submarket represents a slightly higher demand in grade-A office in the first half of 2017, as well as higher demand resulted by the office upgrades and relocations of insurance companies. We believe that it would be beneficial to the Properties as the Properties also targets on high-end clients including financial institution, professional service company and internet and high-tech company.

*Exhibit 3: New Supply, Net Absorption and Vacancy Rate of the Shenyang Prime Office Market (sq.m.)*



Source: Colliers

Although it seems the Shenyang office market was subdued in recent years, we have also taken into consideration of the initiative of the “One Belt One Road” strategy<sup>6</sup>. Shenyang Government is devoting to accelerate the construction of Shenyang transportation hub connecting the route involves high-speed rail and road links with Inner Mongolia, Russia and Netherlands as to build up an international logistic center of Northeast Asia and Eurasia in Shenyang that promotes the logistic business, capital flow and information flow hub. We note that the “One Belt One Road” initiative will bring in business opportunities for Shenyang from over 64 designated countries, particularly in the industrial and infrastructure industry. In this regard, we consider that by leveraging on the “One Belt One Road” initiative, Shenyang will open the door to the world and might attract more foreign companies to set up their branch offices in Shenyang.

<sup>5</sup> Source: <http://www.colliers.com/-/media/files/marketresearch/apac/china/northchina-research/sy-office-1h-2017.pdf?la=en-GB>

<sup>6</sup> Source: <http://www.symzj.gov.cn/symz/mzxxw/myzj/123.pdf>

Furthermore, the Shenyang Municipal Government had announced a revitalization plan <瀋陽振興發展戰略規劃> in February 2017<sup>7</sup>, in relation to reform and to develop Shenyang as an international city in terms of the technology innovation center, financial trading centre and communication cultural centre in northern China.

Having considered the above factors, we think that the Shenyang property market will be benefited from the “One Belt One Road” initiative and might potentially boost the demands for commercial property. Besides, considering the positive prospect of overall commercial property market in PRC, we are of the view that the commercial property market in Shenyang would likely to remain at a steady and healthy growth in the long term.

### **3. Reasons for and benefits of the Transaction**

#### *3.1 Location and quality of the Properties*

Shenyang is viewed as largest city in Northeast China and it is advantageously located in Liaoning Province, acting as transportation and commercial hub for the surrounding regions of Liaoning Province.

The Properties are located at Heping district which has all manner of commercial businesses area, better known as the downtown of Shenyang, and is also the core area for many political institutions in the Northeast. We think that the Properties are well positioned at the core commercial area within Heping district given the excellent surrounding area with systematic transportation planning and infrastructure. According to the official website of Shenyang Metro Co., Ltd.<sup>8</sup>, there are 5 new subway lines under construction including the No.4 subway line, where along the No. 4 subway line a station is planned to be set up located the Properties. Furthermore, the No.4 subway line is expected to be opened to traffic in 2020, which we think it is in line with the expected construction completion date of the Properties and is favorable to the location of the Properties as to provide more convenient transportation supporting within the area.

In addition to the prime location of the Properties, the Properties are a part of construction of the development of Shengjing Financial Plaza Complex project (“**One World 世界城**”), a mega city complex project as well as the key construction project of Shenyang city that comprises office, commercial, service apartment (including Tower 1 to Tower 3) and residential blocks (One World City residential properties) with the total gross floor area of approximately 120,000 sq.m.<sup>9</sup>. The One World 世界城 is developed by the property developer namely Liaoning Jingfeng Real Estate Limited (遼寧京豐置業有限公司), a subsidiary of Jiutai Group (“**九台集團**”) of which the ultimate controlling shareholder is Mr. Li Yuguo.

<sup>7</sup> Source: <http://www.shenyang.gov.cn/zwgk/system/2017/04/11/010179755.shtml>

<sup>8</sup> Source: <http://www.symtc.com/content.php?5282>

<http://www.symtc.com/content.php?5291>

<sup>9</sup> Source: <https://baike.baidu.com/item/Oneworld%E4%B8%96%E7%95%8C%E5%9F%8E>

Moreover, following the Shenyang area of China (Liaoning) Pilot Free Trade Zone was unveiled in early April 2017, we note from the management of the Company that the management of the Company is prudently optimistic about the grade A office leasing market in Shenyang in the long run and consider that it is expected to be benefited by the launch of the Shenyang area of China (Liaoning) Pilot Free Trade Zone.

In light of the above, we concur with the view of the management of the Company and consider that the Group is going to benefit from the potential demands of the Properties due to its quality and attractive location in Shenyang.

### *3.2 Enlarging property investment portfolio*

We understand from the Company that the Group has been focusing on property development and property investment businesses in PRC in recent years, and has built up such business experience including continues engaging in the development of urban land for residential purpose in the real estate sector in Dalian (“**Dalian Project**”) and acquiring Jinma Creative Industry Park in Yantian District, Shenzhen (“**Yantian Project**”). According to the 2016 Annual Report and 2017 Annual Report, we note that the completion of the acquisition relating to the Dalian Project was in June 2014, and it is planned to develop 55 buildings with 21 buildings in the first phase (“**Phase I**”) and 34 buildings in the second phase (“**Phase II**”). Despite the Phase II of Dalian Project is expected to initiate the construction of development in 2018, we understand from the management of the Company that the Phase I of Dalian Project was expected to be completed in October 2017 with the whole contracted sales had achieved approximately RMB101.2 million of which pre-sale deposits of approximately RMB88.7 million had been received by the Company as at 31 March 2017. Currently, the construction works of Phase I of Dalian Project is expected to be temporarily further extended to the May 2018 due to the delay of construction progress. Although the Company has yet generated any revenue from the property sale on the income statement for the year ended 31 March 2017, as advised by the Company that it is expected that the Company will experience a substantial growth in revenue after gradually complete the delivery of Phase I properties to the related buyers and to realise such revenues from previous contracted sales for the six months ending 30 September 2018. Regarding the Yantian Project, we note that the Company has been continuing engaged in the acquisition of the properties in Jinma Creative Industry Park since 2015 and had obtained physical possession of 76 units of the properties and a single-storey reinforced concrete building in Jinma Creative Industry Park as at 31 March 2017 with a total aggregated gross floor area of approximately 19,056 sq.m., which the vendor shall transfer those titles of 76 units of the properties and a single-storey reinforced concrete building to the Company on or before 31 March 2018 and 30 June 2018, respectively. As per our discussion with the management of the Company, we understand that the acquired properties of Yantian Project designated for storage use would be expected to lease out by the Company as to generate the stable rental income in the future.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the Company has been involved in property investment and property development since early of 2014, we consider that the Company has solid and sufficient experience relating to property business segment.

Moreover, we think that the Transaction would enlarge and diversify the Group's business to include investment portfolio with high quality assets, which would also potentially provide capital appreciation to the Group in future. Furthermore, it may help Company to disperse the investment risks from a simplex property investment portfolio and also provide a good opportunity for the Group to expand its investment in the PRC property market. Therefore, we are of the view that the Company and the Shareholders would be benefited from the Transaction.

### *3.3 Enlarging the asset base and revenue stream*

According to 2017 Annual Report, we noted that the existing revenue stream of the Company is very limited, which was basically derived by the money lending business for the year ended 31 March 2017. Based on our discussion with the management of the Company, we understand that the management of the Company intended to lease out the Properties as office units upon Completion. As such, we consider that these investment properties would generate a stable rental income to the Group, which would consequently improve the Group's financial performance and might strengthen the income and cash flow base of the Group.

As disclosed in the 2017/2018 Interim Report, the Group had total assets of approximately HK\$2,903.1 million as at 30 September 2017. Assuming the Transaction is completed on 30 September 2017 and the assets of the Properties are consolidated into the financial statements of the Group for the six months ended 30 September 2017, the Group's total assets would be enhanced.

According to the unaudited pro forma statement of assets and liabilities of the Group, in general, the total assets of the Group will enlarge by 10.9% to approximately HK\$3,218.8 million as compared with HY2017/2018 of approximately HK\$2,903.1 million.

As such, we consider that the Transaction will enlarge the asset base and revenue stream of the Group and it is in the interest of the Company and the Shareholders as a whole.

### *3.4 Positive future prospect on commercial property market in PRC*

As we mentioned under the section headed "Overview of Shenyang and commercial property market in Mainland China", we consider that the Chinese office market has shown increasing transaction values over the past ten years indicating the continuous demand for office space. We also think that the overall trend on commercial property market in PRC will generally remain stable and positive given the stable economic development of China.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We further note from the Company that the Group has been exploring appropriate property investment opportunities and is optimistic about the long-term prospect of the commercial property market in PRC, whereby the increasing demand would bring about steady growth and developments in the commercial property market. Upon completion of the construction of the Properties, the Company will continue to lease out the Properties so as to generate stable income for the Group prior to realization of any its investment in the Properties.

In light of the above, we concur with the view of the management of the Company that the future prospect of the commercial property market in PRC would be in a rising trend would likely to remain at a steady and healthy growth in the long term. Therefore, we are of the view that the Transaction is in the interest of the Company and Shareholders as a whole.

#### 4. Principal terms of the Sale and Purchase Agreement

The terms of the Sale and Purchase Agreement are as follows:

<b>Date:</b>	12 October 2017 (after trading hours)
<b>Purchaser:</b>	Asiaciti Investment Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
<b>Vendor:</b>	遼寧京豐置業有限公司, a company incorporated in the PRC with limited liability

The Vendor is beneficially wholly-owned by Mr. Li Yuguo, who is a substantial shareholder holding approximately 15.76% of the issued share capital of the Company as at the Latest Practicable Date and the chairman and an executive Director of the Company and the Vendor, being as associate of Mr. Li Yuguo, is also a connected person of the Company.

#### *Assets to be acquired*

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Properties.

The Properties comprise Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC. The gross floor area of the Properties, consisting office area, refuge floor and plant rooms, is approximately 34,754.58 sq.m. of which the gross floor area of approximately 30,480.96 sq.m. is intended for office use and the gross floor area of approximately 4,273.62 sq.m. is intended to be used as refuge floors and plant rooms. As at the Latest Practicable Date, the Properties were under construction.

It is currently intended that upon the completion of the construction and delivery of the Properties, the Properties will be leased out as offices by the Group.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Consideration*

The Consideration shall be RMB625,000,000 being approximately RMB20,500 per sq.m. multiplied by 30,480.96 sq.m. (being gross floor area intended for office use).

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) 5% of the Consideration to be payable within 10 days upon the signing of the Sale and Purchase Agreement;
- (b) 10% of the Consideration to be payable within 10 days upon the Independent Shareholders' having approved at the SGM by way of ordinary resolution(s) the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (c) 65% of the Consideration to be payable within 10 days after 80% of the total investment amount having been invested to the Purchaser's satisfaction (the Vendor will have to provide the related financial information and all of the supporting documents to the Purchaser);
- (d) 10% of the Consideration to be payable within 10 days after 90% of the total investment amount having been invested to the Purchaser's satisfaction (the Vendor will have to provide the related financial information and all of the supporting documents to the Purchaser); and
- (e) 10% of the Consideration to be payable within 10 days of the date of the Completion in accordance with the Sale and Purchase Agreement.

In the event that the area for office use shown in the building ownership registration certificate differs from the agreed area in the Sale and Purchase Agreement, (a) the area shown in building ownership registration certificate shall prevail and (b) both the Vendor and the Purchaser have agreed that, after delivery of the Properties:

- 1. both parties shall not be liable to make any compensation if the absolute value of the area deviation percentage is 0.6% or below;
- 2. both parties shall refund the excessive amount or make additional payment (as the case may be) based on the unit price as stipulated in the Sale and Purchase Agreement if the absolute value of the area deviation percentage is greater than 0.6% and equal to or below 1%; and



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. if the absolute value of the area deviation percentage is greater than 1%, the Purchaser shall be entitled to elect to be refunded or make additional payment (as the case may be) or return the Properties acquired under the Sale and Purchase Agreement. If the Purchaser elects to return the Properties, the Vendor shall refund all of the Consideration paid by the Purchaser and interest thereon (incurred from payment date to refund date, based on the interest rate for RMB denominated demand deposits offered by The People's Bank of China as at the refund date) within 30 days commencing on the date when the written request of returning the Properties is made by the Purchaser.

The absolute value of the area deviation between the area shown in the building ownership registration certificate and the agreed area in the Sale and Purchase Agreement shall be calculated with reference to the formula below:

Absolute value of the area deviation = (area as shown in building ownership registration certificate – agreed area in the Sale and Purchase Agreement) / agreed area in the Sale and Purchase Agreement \*100%

If the Purchaser fails to make any payments of the Consideration in accordance with the relevant due date for such payment under the Sale and Purchase Agreement, the Purchaser is liable to pay to the Vendor a daily fee of 0.02% of such amount of the Consideration due for payment (the “**Default Payment**”), accruing from the day following the due date of the relevant part of the Consideration to the day of full repayment of such relevant part of the Consideration. The total amount of such daily fees payable by the Purchaser to the Vendor shall not exceed 2% of the Consideration.

In the event that the Purchaser fails to make the payment of the Consideration and the relevant Default Payment for more than 180 days, the Vendor shall have the right to terminate the Sale and Purchase Agreement unilaterally and require the Purchaser to pay the Default Payment in the amount of 2% of the Consideration. Subsequent to the payment of Default Payment made by the Purchaser, the Vendor shall return to the Purchaser all payments of the Consideration paid by the Purchaser to the Vendor without interest.

The Company will comply with the applicable Listing Rules if additional payment is made and resulting in different classification of the Acquisition under Chapter 14 of the Listing Rules.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our discussion with the management of the Company, we understand that the above adjustment mechanisms are arrived based on the arm's length negotiation between the Vendor and the Purchaser. In addition, as advised by Purchaser's PRC legal adviser, the China Commercial Law Firm, Guangdong, we note that the terms contained in the Sale and Purchase Agreement are in accordance to the standardized terms and common format of the Commodity House Sales and Purchase Agreement ("商品房買賣合同") issued by the Shenyang Real Estate Bureau ("瀋陽房產局") and supervised by the Department of Construction, Liaoning Province ("遼寧省建設廳") and Industrial and Commercial Administration Bureau, Liaoning Province ("遼寧省工商行政管理局"), and we understand from the PRC legal adviser that it is a market practice in Shenyang to use such standardized agreement regarding the sale and purchase of commercial and office building. As such, we have reviewed and noted that according to the terms contained in the Commodity House Sales and Purchase Agreement, in normal practice, the property purchaser in PRC is only entitled to be refunded or return the properties to the seller if the absolute value of the area deviation percentage is greater than 3%, which is higher than the related term of 1% under the Sale and Purchase Agreement. We think that such adjustment term represents cautiousness and prudence of the Directors in the perspective of commercial negotiation to protect the interest of the Company. Therefore, we consider that such adjustment terms of the Sale and Purchase Agreement are under normal commercial terms and are fair and reasonable to the Company as far as the Independent Shareholders are concerned.

### *Basis of the Consideration*

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser under normal commercial terms and with reference to, among others, the preliminary valuation of the Properties at RMB625,000,000 as at 31 December 2017, which was carried out by the Valuer and based on completion basis on direct comparison approach by making reference to comparable property transactions available in the market.

### *Conditions of the Sale and Purchase Agreement*

The Completion is conditional on:

- (i) all necessary consents, approvals and exemptions (if any) required to be obtained on the part of the Purchaser in respect of the Acquisition having been obtained;
- (ii) all necessary consents, approval and exemptions (if any) required to be obtained on the part of the Vendor in respect of the sale of the Properties having been obtained;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the Vendor having provided to the Purchaser's satisfaction, all documentary evidence that the construction of the Properties has been completed in full compliance with the relevant laws and valid interests in the Properties;
- (iv) Mr. Li Yuguo having provided the Purchaser with a letter of guarantee assuming joint and several liability to the satisfaction of the Purchaser;
- (v) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from an independent professional valuer appointed by the Purchaser showing the valuation of the Properties as at 31 December 2017 to be not less than RMB625,000,000;
- (vi) the obtaining by the Purchaser of a legal opinion in form and substance satisfactory to the Purchaser issued by a practising lawyer in the PRC; and
- (vii) the Independent Shareholders having approved by way of ordinary resolution(s) at the SGM the Sale and Purchase Agreement and the transactions contemplated thereunder.

If the conditions above have not been fulfilled (or waived) before 31 December 2019 or such other date as the Vendor and the Purchaser may agree in writing, the Sale and Purchase Agreement shall terminate whereupon the parties thereto shall have no further claims against each other under the Sale and Purchase Agreement save for any accrued rights prior to such termination. The Vendor shall refund to the Purchaser all payments of Consideration paid within 10 days after written notice of termination is served by the Purchaser or such other date as the Vendor and the Purchaser may agree in writing.

As at the Latest Practicable Date, conditions iv, v and vi above had been fulfilled.

### *Guarantee*

On 20 October 2017, Mr. Li Yuguo executed an irrevocable letter of guarantee in favour of the Purchaser, whereby Mr. Li Yuguo undertook with the Purchaser that, in the event of the Vendor's failure to perform any contractual obligations under the Sale and Purchase Agreement, Mr. Li Yuguo shall be jointly and severally liable with the Vendor in respect of any default payment and/or refund of all payment of the Consideration made by the Purchaser, which may arise due to any default of the obligations under the Sale and Purchase Agreement on the part of the Vendor.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Completion*

According to the Sale and Purchase Agreement, the Completion shall take place before 31 December 2019 or such other date as the Vendor and the Purchaser may mutually agree in writing. Upon satisfaction of the delivery conditions for the Properties under the Sale and Purchase Agreement, the Vendor shall notify the Purchaser in writing to commence the procedures for delivery of the Properties. Where the Purchaser and the Vendor carry out the inspection and acceptance procedures in respect of the Properties, the Vendor shall produce the inspection approval certificate (which refers to the construction project inspection certificate issued by the Shenyang Urban and Rural Construction Commission and represents that the entire construction project has met the overall qualifying standard and can be delivered for the use of customers) and sign the delivery document. In the event that the Vendor fails to duly produce the aforesaid certificate, the Purchaser has the right to refuse to accept the delivery of the Properties, upon which any liability of delayed delivery resulting therefrom shall be assumed by the Vendor. We think that such term is under normal commercial term and is fair and reasonable to the Company as far as the Independent Shareholders are concerned.

If the Vendor fails to deliver the Properties to the Purchaser in accordance with the Sale and Purchase Agreement on or before 31 December 2019 (which, according to the PRC legal opinion referring to page 11 of this Circular for additional information) issued by the PRC legal adviser China Commercial Law Firm, Guangdong, dated 18 January 2018, includes the failure of the Vendor to procure release of all encumbrances on the Properties before the delivery of the Properties to the Purchaser before 31 December 2019 pursuant to the terms of the Sale and Purchase Agreement), the Vendor shall be liable to pay to the Purchaser a daily fee of 0.02% of the Consideration paid by the Purchaser, accruing from the day following the due date for delivery under the Sale and Purchase Agreement to the date of actual delivery of the Properties to the Purchaser. The total amount of such daily fees payable by the Vendor to the Purchaser shall not exceed 2% of the Consideration. We think that such term serves as a protection to the Purchaser in the event that the Vendor fails to deliver the Properties on or before 31 December 2019, and therefore it ensures the interest and benefit to the Purchaser once the default arises from the Vendor. As such, we consider that it is in the interest of the Company and Shareholders as a whole.

In the event that the Vendor fails to deliver the Properties as scheduled, the Purchaser shall have the right to terminate the Sale and Purchase Agreement unilaterally and require the Vendor to make a default payment in the amount of 2% of the Consideration and to return to the Purchaser the Consideration paid by the Purchaser. We think that such term is beneficial to the Purchaser and therefore is in the interest of the Company and Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In determining whether to exercise the termination right, the Company will consider factors including but not limited to (i) the expected time of delivery of the Properties; and (ii) the market price of the Properties at the relevant time.

Where the Purchaser fails to accept the delivery of the Properties as scheduled due to its own reasons, from the date on which the Vendor notifies the Purchaser in writing to commence the delivery procedures, the Purchaser shall, from the date on which the Vendor notifies the Purchaser in writing to commence the delivery procedures, be deemed to have acknowledged that the Properties have satisfied the delivery conditions and Vendor has actually delivered the Properties to the Purchaser. The Vendor shall have the right to request the Purchaser to pay the final installment of Consideration and relevant default penalty in accordance with the terms of the Sale and Purchase Agreement. We think that such term is under normal commercial term and is fair and reasonable to the Company as far as the Independent Shareholders are concerned.

### 5. The Considerations

With reference made to the Letter from the Board, we note that the Consideration shall be RMB625,000,000 being RMB20,500 per sq.m. multiplied by 30,480.96 sq.m.. The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser under normal commercial terms and with reference to, among others, the preliminary valuation of the Properties at RMB625,000,000 as at 31 December 2017, which was carried out by the Independent Professional Valuer and based on completion basis on direct comparison approach by making reference to comparable property sales transactions as available in the market.

#### *Source of funding*

We noted from the management of the Company that the Company will fund the Acquisition with its internal resources and/or bank borrowing and/or any financial assistance of up to RMB500,000,000 from Mr. Li Yuguo in accordance with the actual needs of the Company on a fully unsecured basis on the loan(s) actually drawn down at (i) an interest rate of 4% per annum or (ii) any interest rate at which the Company is able to borrow in an amount equal to the relevant loan from a bank or financial institution, whichever is lower, for a period of three years from 1 November 2017. Such financial assistance is not restricted for the use of the settlement of the Consideration payable.

As at the Latest Practicable Date, the Company is in the process of negotiation with a commercial bank for banking facilities for the purpose not limited to settle any Consideration payable not covered by the Company's internal resources at the time of payment in accordance with the Sale and Purchase Agreement. If the banking facilities are not ready for draw down at the time of payment in accordance to the Sale and Purchase Agreement, the Company might treat the financial assistance from Mr. Li Yuguo as alternative funding to settle any Consideration payable not covered by the Company's internal resources.

5.1 *Analysis of the Consideration*

The Valuation Report

In order to assess the basis in determining the consideration of the Acquisition, we have reviewed the Valuation Report produced by the Independent Valuer, and have discussed with the Independent Valuer and management of the Company. We have noted that the Independent Valuer has considered the market value through direct comparison approach in valuing the Properties to be held for investment, which is based on the principle of substitution in valuing the Properties, and they have also made reference to various sales transactions and asking prices of similar developments which have characteristics comparable to the Properties as available in the market.

In conducting the valuation of the Properties, the Independent Valuer has also adopted the following assumptions:

- the Properties will be developed and completed in accordance with the latest development proposal provided to the Independent Valuer;
- dimensions, measurements and areas included in the Valuation Report are based on information contained in the valuation certificate and area schedules provided to the Independent Valuer and are therefore only approximation;
- transferable land use rights of the Properties for its specific term at nominal annual land use fee have been granted and that any land grant premium payable has already been fully paid;
- owner of the Properties has good legal title and has free and uninterrupted rights to occupy, use, lease or transfer the Properties for the whole of the unexpired term as granted; and
- all information in relation to the Properties which provided to the Independent Valuer are true and accurate.

In our discussion with the Independent Valuer, we understand that the valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation dates between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In valuing the Properties to be held for investment, the Independent Valuer has adopted direct comparison approach by analyzing similar size, scale, nature, character and location and weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value. In addition, it also rests on the wide acceptance with references to both sales transactions and asking prices of the comparables to the Property and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. In this regard, we have reviewed valuation worksheet provided by the Independent Valuer and is in the opinion that the comparables selected by the Independent Valuer are fair and reasonable so far as the Company and Independent Shareholders are concerned.

We also note that the Independent Valuer has valued the Properties on a hypothetical assumption that the Properties were completed as at 31 December 2017 because the Transaction involves a Sale and Purchase Agreement on a completion basis. Given the Properties are still under construction and it is expected to be completed in the 4th quarter of 2018, we think that it is uncommon to value such type of property on a future value basis due to various unknown market factors might affect the accuracy of the valuation on a future value basis. Therefore, we concur with the view of the Independent Valuer that the direct comparison approach adopted by the Independent Valuer is commonly used methodology in valuing such kind of property assets and they are suitable as well as a better alternative to be applied to the valuation of the Properties.

Besides, we have discussed with the Independent Valuer in relation to their experiences and understood that Anthony C K Lau, the Director of the Independent Valuer, is a Registered Professional Surveyor (GP) who has over 24 years of experience in valuing properties in Hong Kong and PRC. Mr. Lau is a member of The Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors as well as a Registered Professional Surveyor (General Practice). Given Anthony C K Lau has plenty of practical experience in the valuation of properties in Hong Kong and PRC, we are of the view that he is qualified to provide a reliable valuation for the valuation of the Properties. As discussed with the Independent Valuer, they have no prior relationships with the Group or other parties and connected persons to the Transaction, and we are of the view that the independence and objectivity of the Independent Valuer is fair and equitable in conducting such valuation. We also reviewed the terms of the engagement for the valuation of the Properties and the scope of work performed by the Independent Valuer is consistent with the market practice and appropriate to give the opinion.

Given the direct comparison valuation approach in the Valuation Report is commonly adopted and well recognised methodology for valuing properties, and the major assumptions made in connection with the valuation approach are reasonable, we are of the view that the basis in determining the consideration is fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned.

**6. Financial impacts of the Transaction**

*6.1 Effect on the earnings*

As disclosed in the 2017 Annual Report, the Company recorded a loss for the year ended 31 March 2017 of approximately HK\$93.8 million, we consider this is due to the limited revenue streams of the Group during the period which directly affecting the Group's financial performance. As discussed in the section headed "Reasons for and benefits of the Transaction", it is expected that the Transaction may generate stable rental income to the Group and the potential appreciation in price of the Properties in the long-term considering the "One Belt One Road" initiative and the launch of the Shenyang area of China (Liaoning) Pilot Free Trade Zone may boost up the demands for commercial property in Shenyang.

As a result, we are of the view that the Acquisition will have a potential positive impact on the earnings of the Group.

*6.2 Effect on the cash position and working capital*

According to the 2017/2018 Interim Report, the Company had current assets of approximately HK\$1,719.4 million (including cash and cash equivalents of approximately HK\$426.2 million) as at 30 September 2017. As the Consideration would be settled by internal resources and/or bank borrowings and/or any financial assistance of up to RMB500,000,000 from Mr. Li Yuguo by the Company, we consider that the Transaction will not have a material adverse impact on the liquidity of the Group as the Consideration would be paid by installment in accordance with the different manners. As such, we concur with the management of the Company that the Transaction will not have a material adverse impact on the cash position and working capital of the Group.

In light of the above, we are of the view that the Transaction will have an overall positive financial effect on the Group and is in the interests of the Company and the Shareholders as a whole.

**RECOMMENDATION**

We have considered the above principal factors and reasons and, in particular, having taken into account the followings in arriving at our opinion:

- (a) the Transaction is in line with the business strategy of the Group focusing its effort on property development and property investment businesses in PRC;
- (b) the Transaction is in the ordinary and usual course of business of the Company;



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) entering into the Transaction will enable the Group to diversify business and enlarge property investment portfolio and asset base as well as the revenue stream in the long term, which is in the interests of the Company and the Shareholders as a whole;
- (d) the terms of the Acquisition are agreed on normal commercial terms and are fair and reasonable; and
- (e) the Transaction will have an overall positive financial effect on the Group.

Having considered the above, we are of the view that the Sale and Purchase Agreement is entered into on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend the Independent Shareholders to vote in favour of the Transaction to be proposed at the SGM.

Yours faithfully,  
For and on behalf of  
**Platinum Securities Company Limited**  
**Li Lan**  
*Director and Co-Head of Corporate Finance*

*Mr. Li Lan is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Platinum Securities Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over eleven years of experience in corporate finance industry.*

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 March 2015, 2016 and 2017 and the six months ended 30 September 2017 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>):

- annual report of the Company for the year ended 31 March 2015 published on 21 July 2015 (page 54 to 191) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0721/LTN20150721189.pdf>);
- annual report of the Company for the year ended 31 March 2016 published on 27 July 2016 (page 54 to 203) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0727/LTN20160727459.pdf>);
- annual report of the Company for the year ended 31 March 2017 published on 24 July 2017 (page 62 to 183) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0724/LTN20170724245.pdf>); and
- interim report of the Company for the six months ended 30 September 2017 published on 14 December 2017 (page 23 to page 31) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1214/LTN20171214462.pdf>).

## 2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the expected completion of the Acquisition and the financial resources, the banking facilities of the Company (if available) and the financial assistance from Mr. Li Yuguo available to the Group and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

## 3. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding principal amount of convertible bonds of approximately HK\$244.8 million.

Save as aforesaid and apart from the intra-group liabilities, as at the close of business on 30 November 2017, the Group did not have outstanding mortgages, charges, debentures or other loan capital, debt securities, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

## 4. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, being the date to which the latest published audited consolidated financial statement of the Company were made up.

## 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

It is currently expected that the Group will continue to be principally engaged in (i) water business; (ii) property business; (iii) iron ore mining business; and (iv) investing and financing business.

As stated in the interim report of the Company for the six months ended 30 September 2017, the net revenue of the Group was approximately HK\$1,838,000. The Group disposed of the non-profitable business and continued to rationalize its cost structure, and focused its effort on property development and property investment businesses in the PRC and money lending business in Hong Kong.

Apart from consolidating the existing operations, the Group has been actively exploring opportunities to achieve further business diversification, with an aim to broaden its revenue stream and earning base. The Group had successfully completed two acquisitions for bottled water production and sales business in Quangxi and water mining business in Hunan in April 2017 and June 2017, respectively.

Details of the two aforesaid acquisitions are set out below:

- (a) On 19 April 2017, a wholly-owned subsidiary of the Company, Continental Joy Limited (“**Continental Joy**”), entered into the agreement with Jiu Tai International Resources Company Limited (“**Jiu Tai**”) in relation to the acquisition of 20% equity interests in a company (the “**Target Company A**”) incorporated in Hong Kong with limited liability which is principally engaged in general trading. The ultimate controlling shareholder of Jiu Tai is Mr. Li Yuguo. The Target Company A is wholly-owned by Jiu Tai. The Target Company A owns 100% equity interest in Hong Kong Spring Water Ding Dong Group Company Limited (“**Spring Water**”). Spring Water and its subsidiary are principally engaged in production and sales of bottled water. Jiu Tai has agreed to sell, and Continental Joy has agreed to purchase, the shares representing 20% equity interests in the Target Company A for an aggregate consideration of HK\$273,000,000, which was settled by promissory note issued by the Company. The relevant conditions precedent of the agreement have been fulfilled and completion took place on 25 April 2017. Details of this acquisition are set out in the announcements of the Company dated 19 April and 25 April 2017. On 14 June 2017, the promissory notes had been fully redeemed. As disclosed in the interim results announcement of the Company for the 6 months ended 30 September 2017, the Group shared profits of associates of approximately HK\$3,867,000 from Target Company A.
- (b) On 23 May 2017, Continental Joy entered into the agreement with Mr. Lam Chun Ho (“**Mr. Lam**”), a merchant, in relation to the acquisition of 670 issued shares, representing 67% of the equity interests of Good Union (China) Limited (“**Good Union**”), a company incorporated in Hong Kong with limited liability which is principally engaged in investment holding. Good Union is wholly-owned by Mr. Lam. Good Union owns 100% equity interest in a subsidiary (“**Subsidiary B**”). Subsidiary B is principally engaged in, inter alia, environment and energy saving technology development and services.

Subsidiary B in turn owns 100% equity interest in a subsidiary (“**Subsidiary C**”). Subsidiary C is principally engaged in exploitation, production and sales of spring water. Mr. Lam has agreed to sell, and Continental Joy has agreed to purchase, the shares of 67% equity interests of Good Union for an aggregate consideration of HK\$244,000,000, which was settled by cash. The relevant conditions precedent of the agreement have been fulfilled and completion took place on 7 June 2017. Details of this acquisition are set out in the announcements of the Company dated 23 May 2017 and 7 June 2017. In accordance with the agreement mentioned in (b) above, Mr. Lam guaranteed a production volume of spring water of not less than (i) 50,000 cubic metres in 2019 and (ii) 100,000 cubic metres for each calendar year from 2020 to 2028. The Group has started the construction of factory building in December 2017. As disclosed in the interim results announcement of the Company for the 6 months ended 30 September 2017, no revenue was contributed from Good Union and a loss of approximately HK\$828,000 was recorded which mainly comprised administrative expenses.

As disclosed in the interim report of the Company for the 6 months ended 30 September 2017, saved as disclosed above, the financial and trading prospects for each of the business segments of the Group are extracted and further elaborated as below:

#### **Property business – property development**

##### *Dalian properties*

The indirect wholly-owned PRC subsidiary of the Group, Dalian Chuanghe Landmark Co. Ltd.\* (大連創和置地有限公司) (“**Dalian Chuanghe**”) continues engaging in the development of urban land for residential use in the real estate sector in Dalian and as planned to develop 55 buildings on the said land with 21 buildings in the first phase (“**Phase I**”) and 34 buildings in the second phase (“**Phase II**”).

Phase I named “Xin Tian Jia Yuan” had almost completed the construction work except some public area and its utilities. Currently, the expected date of completion of the remaining construction work is expected to be temporarily further extended to May 2018 due to the delay of construction progress. There are 21 buildings established in Phase I with a saleable area of approximately 42,540 square metres including 4 eight-storey apartments (小高層), 9 garden villas (洋房) and 8 garden houses (聯排別墅). The whole contracted sales achieved approximately RMB101,200,000 (of which pre-sale deposits of approximately RMB88,710,000 received), and the whole contracted gross saleable area was around 19,500 square metres. The Group does not have any plan to sell the unsold area of Phase I before the completion of construction work.

For Phase II, 34 buildings with 69,000 square metres were used as the saleable area. The initiation date will be in 2018 after the completion of Phase I.

The Dalian Chuanghe recorded a loss of approximately HK\$662,000 for the six months ended 30 September 2017. The loss was mainly derived from administrative expenses.

**Property business – property investment***Yantian Properties*

- (A) The Group entered into an acquisition agreement on 24 June 2014, the supplemental agreement on 15 April 2015, the second supplemental agreement on 12 July 2016 and the third supplemental agreement on 17 May 2017 to purchase the property at a consideration of approximately RMB100,042,870 (equivalent to approximately HK\$125,996,990).

The property to be acquired represents 46 units of Jinma Creative Industry Park (formerly known as “Kingma Information Logistic Park”) which is situated at Depot 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) (“**Jinma Creative Industry Park**”) with a total gross floor area of approximately 8,699 square metres.

As at 30 September 2017, the Group had obtained physical possession of the property and paid a total of conditionally refundable deposit of RMB90,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB10,042,870 shall be paid within 30 days from the date on which the relevant building ownership certificates have been issued in favour of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 31 March 2018 (or such other date as may be mutually agreed).

As at the Latest Practicable Date, the approval from the PRC government authority for issuing the building ownership certificate remained pending. The Group does not foresee any difficulty in obtaining the building ownership certificate. The Group does not have any plan if the respective deadline were not met. The Group plans to rent out the properties after the building ownership certificate was obtained and as at the Latest Practicable Date, there are no signed tenancy contracts for the property.

- (B) The Group entered into a second acquisition agreement on 15 May 2015, a supplemental agreement on 12 July 2016 and a second supplemental agreement on 17 May 2017, to further purchase the property at a consideration of approximately RMB65,107,800 (equivalent to approximately HK\$81,384,750). The property to be acquired represents 30 units of Jinma Creative Industry Park with a total gross floor area of approximately 5,400 square metres.

As at 30 September 2017, the Group had obtained physical possession of the property and paid a total of conditionally refundable deposit of RMB60,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB5,107,800 shall be paid within 30 days from the date on which the property has been registered under the name of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 31 March 2018 (or such other date as may be mutually agreed).

As at the Latest Practicable Date, the approval from the PRC government authority for issuing the building ownership certificate remained pending. The Group does not foresee any difficulty in obtaining the building ownership certificate. The Group does not have any plan if the respective deadline were not met. The Group plans to rent out the properties after the building ownership certificate was obtained and as at the Latest Practicable Date, there are no signed tenancy contracts for the property.

- (C) The Group entered into a third acquisition agreement on 10 November 2015 and a supplemental agreement on 17 May 2017, to further purchase the property at a consideration of approximately RMB101,628,955 (equivalent to approximately HK\$121,954,746). The property to be acquired, being a single-storey reinforced concrete building designated for office and storage uses, is the Block 2 of Jinma Creative Industry Park with a total gross floor area of approximately 4,957 square metres.

As at 30 September 2017, the Group had obtained physical possession of the property and totally paid a conditionally refundable deposit of RMB100,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB1,628,955 shall be paid within 30 days from the date on which the property has been registered under the name of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 30 June 2018 (or such other date as may be mutually agreed).

The Yantian Properties recorded a loss of approximately HK\$370,000 for the six months ended 30 September 2017 which was mainly derived from administrative expenses.

As at the Latest Practicable Date, the approval from the PRC government authority for issuing the building ownership certificate remained pending. The Group does not foresee any difficulty in obtaining the building ownership certificate. The Group does not have any plan if the respective deadline were not met. The Group plans to rent out the properties after the building ownership certificate was obtained and as at the Latest Practicable Date, there are no signed tenancy contracts for the property.

### *Zengcheng Properties*

Reference is made to the announcements of the Company dated 15 April 2015, 5 June 2015, 27 August 2015, 15 June 2016 and 18 January 2017 in relation to the acquisition of certain properties located in Jinma Waterfront Square\* (金馬水岸廣場). Given that the vendor failed to deliver the physical possession of the properties within the timeframe specified in the acquisition agreements, the Group served a termination notice to the vendor on 18 January 2017 and demand the refund of the consideration in the amount of RMB274,000,000 pursuant to the terms and conditions of the acquisition agreements and the payment of an additional sum representing not less than 3% thereof as compensation (details of which were disclosed in the announcement dated 18 January 2017).

As at 31 December 2017, the Group had received a total of RMB183,000,000 for the refund of the paid consideration and the payment of the compensation. As at the Latest Practicable Date, the Group had been seeking to collect the remaining balance and expected to receive the same on or before 30 June 2018.

*Hangzhou Properties*

In late 2015, the patisserie coffee shop and the indoor recreation playground business operated in Hangzhou properties had ceased due to its poor performance. Hangzhou, capital of Zhejiang Province, it has a population of nearly 9 million and is one of China's richest cities. However, the property market in Hangzhou suffered from the state macro control and has a pressure in its economic growth. It is the intention of the Group to dispose of the Hangzhou properties to potential investors, although the Group would still consider leasing them out. At 31 December 2017, the Group was still looking for potential investors and there was no negotiation undergoing or agreements entered into.

*Beijing Properties*

The Group entered into an acquisition agreement on 28 February 2017 to purchase (a) office premises with a gross floor area of 8,335 square metres and (b) underground car park with a gross floor area of 3,100 square metres located in Phase III of the Beijing Convention and Exhibition International Port (Exhibition Centre Ancillary Facilities) Project\* (北京會展國際港展館配套設施項目第三期) for an initial consideration of RMB220,000,000 (equivalent to approximately HK\$253,000,000) (subject to adjustments).

As at 30 September 2017, the Group paid the consideration of RMB200,000,000 in full in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the pre-sale agreement between the vendor and the purchaser in relation to the sale and purchase of the property having been entered into and the building owner certificate having been obtained by the purchaser. As at the Latest Practicable Date, the foundation of these properties was under construction. The construction of these properties was expected to be completed on or around 31 December 2018. The Group plans to rent out the properties after the building ownership certificate was obtained. The expected date of obtaining the building ownership certificate depends on the completion date of the abovementioned construction and the progress of obtaining the relevant approval.

**Iron ore mining business**

While facing the Ministerial Regulation No. 1/2014 promulgated by the Indonesian Government regarding the export restriction of iron sand still in force, the management had decided to stem the export of the iron sand trading business of PT. Dampar Golden International (an indirect 60% non-wholly-owned subsidiary of the Group) in Indonesia for the 6 months ended 30 September 2017 as the purity level of the iron sand did not meet the minimum requirement under the Indonesia mining regulation.

After dismantling and removing the processing plants to warehouse, the management is continuing to explore the opportunity to dispose of the plants and inventory. Meanwhile, the Group had closed down all activities except for those office and administration function.

Under the circumstances, the Company is considering to dispose of the Indonesia mining business to potential investors who are interested in the mine so that the management can focus their effort on the other business units. This segment recorded a loss of approximately HK\$1,016,000 for the six months ended 30 September 2017. The loss was mainly derived from administrative expenses. As at the Latest Practicable Date, the Group was still looking for potential investors and had not been engaged in any negotiation or entered into any agreement.

### **Investing and financing business**

#### ***Money Lending Business***

The Group has obtained a money lenders licence in Hong Kong since July 2015 through its indirect wholly-owned subsidiary, Asia Financial Holdings (Hong Kong) Limited (“**Asia Financial**”). Under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong), Asia Financial has commenced the money lending business since September 2015. In view of the keen competition on this business, the Group will continue to approach high credit rating customers.

For the six months ended 30 September 2017, the money lending business of the Group recorded a revenue of approximately HK\$1,838,000.

#### ***Securities and Other Trading Business***

For the six months ended 30 September 2017, due to the volatility of the stock market, the management was prudent in taking risk on the securities trading business. There was no trading of securities during the six months ended 30 September 2017. The management focus their effort on other business.

Therefore, the investing and financing business for the six months ended 30 September 2017 recorded a loss of approximately HK\$1,037,000. The loss in 2017 was mainly derived from administrative expenses.



## A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

**Introduction**

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group which has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules and in the manner consistent with both the format and the accounting policies of the Group. The unaudited pro forma statement of assets and liabilities of the Group has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisitions as if the Acquisitions had taken place on 30 September 2017.

This unaudited pro forma statement of assets and liabilities of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Acquisition been completed as at 30 September 2017 or at any future date.

**Unaudited Pro Forma Statement of Assets and Liabilities**

	The Group as at 30/9/2017 (Unaudited) <i>HK\$'000</i> (Note 1)	Pro forma adjustments <i>HK\$'000</i> (Note 2) <i>HK\$'000</i> (Note 3)		Pro forma total for the Group (Unaudited) <i>HK\$'000</i>
<b>Non-current assets</b>				
Property, plant and equipment	38,335			38,335
Investment properties	–	741,841		741,841
Intangible assets	378,318			378,318
Interest in an associate	238,759			238,759
Deposit paid	528,293			528,293
	<u>1,183,705</u>	<u>741,841</u>		<u>1,925,546</u>
<b>Current assets</b>				
Properties under development	789,091			789,091
Loan receivables	111,974			111,974
Prepayments, deposits and other receivables	197,679			197,679
Financial assets at fair value through profit or loss	6,341			6,341
Bank balances and cash	426,205	(421,956)	(4,249)	–
	1,531,290	(421,956)	(4,249)	1,105,085
Assets classified as held for sale	188,142			188,142
	<u>1,719,432</u>	<u>(421,956)</u>	<u>(4,249)</u>	<u>1,293,227</u>

	The Group			Pro forma
	as at			total for the
	30/9/2017	Pro forma adjustments		Group
(Unaudited)			(Unaudited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Note 1)	(Note 2)	(Note 3)		
<b>Current liabilities</b>				
Trade payables	37,869			37,869
Other payables and accruals	149,865			149,865
Receipts in advance	202,870			202,870
Convertible notes	221,599			221,599
Tax payable	1,109			1,109
	<u>613,312</u>	<u>-</u>	<u>-</u>	<u>613,312</u>
<b>Net current assets/ (liabilities)</b>	<u>1,106,120</u>	<u>(421,956)</u>	<u>(4,249)</u>	<u>679,915</u>
<b>Total assets less current liabilities</b>	<u>2,289,825</u>	<u>319,885</u>	<u>(4,249)</u>	<u>2,605,461</u>
<b>Non-current liabilities</b>				
Loans from bank and/or a shareholder	-	319,885		319,885
Deferred tax liabilities	41,469			41,469
	<u>41,469</u>	<u>319,885</u>	<u>-</u>	<u>361,354</u>
<b>Net assets</b>	<u>2,248,356</u>	<u>-</u>	<u>(4,249)</u>	<u>2,244,107</u>

**Notes to unaudited pro forma statement of assets and liabilities:**

- The figures are extracted from the condensed consolidated statement of financial position of the Group as at 30 September 2017 as set out in the published interim results of the Company for the six months ended 30 September 2017.
- The adjustment represents the Acquisition for a total cash consideration of RMB625,000,000 (equivalent to HK\$738,150,000 converted at RMB1.00 to HK\$1.18104) and payment of stamp duty of RMB3,125,000 (equivalent to HK\$3,690,750). The Group acquired the Properties for leasing purpose and classified it as investments properties. For pro forma purpose, the consideration was firstly settled by the company's bank balances and cash, the remaining amount was financed by bank borrowing and/or loan from a shareholder, Mr. Li Yuguo.
- The adjustment represents payment of the estimated transaction costs attributable to this circular.
- No adjustments have been made to reflect any operating results or other transactions of the Group entered into subsequent to 30 September 2017.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON  
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

*The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's reporting accountants, Lau & Au Yeung C.P.A. Limited, Certified Public Accountants, Hong Kong.*

22 January 2018

The Board of Directors  
Asia Resources Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asia Resources Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 September 2017 and related notes as set out in section A of Appendix II of the circular issued by the Company dated 22 January 2018 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in section A of Appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the properties comprise Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC under the Shenyang Commodity Housing Pre-sale Permit No. 16122 (the "**Properties**") at the consideration of RMB625,000,000 (the "**Acquisition**") on the Group's financial position as at 30 September 2017 as if the proposed acquisition had taken place at 30 September 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed financial statements for the six months ended 30 September 2017.

**DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

**OUR INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**REPORTING ACCOUNTANTS’ RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 30 September 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OPINION

In our opinion:

- a. the unaudited pro forma financial information has been properly compiled on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Lau & Au Yeung C.P.A. Limited**

*Certified Public Accountants*

Hong Kong

**Au Yeung Tin Wah**

**Practising Certificate Number P02343**

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of value of the Property of the Group as at 31 December 2017.*

The Directors  
Asia Resources Holdings Limited  
Unit 4312, 43/F  
Cosco Tower  
183 Queen's Road Central  
Hong Kong



Savills Valuation and  
Professional Services Limited  
23/F Two Exchange Square  
Central, Hong Kong

T : (852) 2801 6100  
F : (852) 2530 0756  
EA Licence: C-023750  
savills.com

22 January 2018

Dear Sirs,

**Re: Levels 7 to 35, Shengjing Financial Plaza Building T3 (盛京金融廣場T3), No. 46 Nanjing North Street, Heping District, Shenyang, Liaoning Province, The People's Republic of China (the "Property")**

#### INSTRUCTIONS

In accordance with your instructions for us to value the Property situated in the People's Republic of China (the "PRC") to be acquired by Asia Resources Holdings Limited (the "**Company**") and its subsidiaries (hereafter referred to as the "**Group**"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market value of the Property on a completion basis as at 31 December 2017 (the "**valuation date**") for the incorporation in a circular.

#### BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been prepared in compliance with all requirements contained in Chapter 5 and Practice Note 12 of to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and undertaken in accordance with The HKIS Valuation Standards of the Hong Kong Institute of Surveyors ("**HKIS**"), which incorporates the International Valuation Standards ("**IVS**").

## IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr. Anthony C.K. Lau, who is the Director of Savills Valuation and Professional Services Limited (“SVPSL”) and a corporate member of HKIS with over 24 years’ experience in valuation of properties in Hong Kong and the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the Property, SVPSL and Mr. Anthony C.K. Lau had not been involved in valuation of the Property in the past.

We are independent of the Group. We are not aware of any instance which would give rise to potential conflict of interest from SVPSL or Mr. Anthony C.K. Lau in the subject exercise. We confirm SVPSL and Mr. Anthony C.K. Lau are in the position to provide objective and unbiased valuation for the Property.

## PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY

The Property is under development and is to be held for investment by the Group. In accordance with the specific instructions of the Company, we have valued the Property on a hypothetical assumption that the Property was completed as at the valuation date because the subject transaction involves a sales and purchase of the Property on a completion basis.

We have valued the Property on the basis that it will be developed and completed in accordance with the latest development proposal provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposal have been obtained. We have also assumed that the costs required to complete the Property were fully paid as at the valuation date. In undertaking our valuation, we have valued the Property on completion basis by direct comparison approach by making reference to comparable sales transactions as available in the market.

## TITLE INVESTIGATION

We have been provided with copies of extracts of the title documents relating to the Property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on information given by the Group and the legal opinion issued by the PRC’s legal adviser to the Group, China Commercial Law Firm, Guangdong (廣東華商律師事務所), regarding the title to the Property in the PRC.

## SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposal, estimated completion date, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our

valuation. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view.

#### VALUATION ASSUMPTIONS

In the course of our valuation, unless otherwise stated, we have assumed that transferable land use rights of the Property for its specific term at nominal annual land use fee have been granted and that any land grant premium payable has already been fully paid. Unless otherwise stated, we have also assumed that the owner of the Property has good legal title and has free and uninterrupted rights to occupy, use, lease or transfer the Property for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

#### SITE INSPECTION

We have inspected the exterior and where possible, the interior of the Property. Site inspection of the Property was carried out on 25 September 2017 and 3 January 2018 by Ms. Vivi Zhang, who holds a Bachelor's Degree in Financial Management and has over 8 years' experience in valuation of properties in the PRC. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the Property is free from rot, infestation or any other structural defects. No test has been carried out to any of the services.

#### CURRENCY

Unless otherwise stated, all money amounts are stated in Renminbi ("RMB").

We enclose herewith our valuation report.

Yours faithfully,  
For and on behalf of  
**Savills Valuation and Professional Services Limited**  
**Anthony C K Lau**  
*Registered Professional Surveyor (General Practice)*  
*MRICS MHKIS*  
*Director*

*Note:* Mr. Anthony C. K. Lau is a professional surveyor who has over 24 years' experience in valuation of properties in Hong Kong and the PRC.



## VALUATION REPORT

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value as if completed as at 31 December 2017</u>										
Levels 7 to 35, Shengjing Financial Plaza Building T3 (盛京金融廣場 T3), No. 46 Nanjing North Street, Heping District, Shenyang, Liaoning Province, PRC	<p>Shengjing Financial Plaza (the "Development") is a high-end integrated property development project erected on a parcel of land with a site area of approximately 25,120.02 sq.m. The Development comprises office, commercial, serviced apartment and residential blocks.</p> <p>The Development is located at No. 46 Nanjing North Street in Heping district of Shenyang. Developments in the vicinity are dominated by various high-rise residential buildings and commercial buildings. It takes about a 30-minute drive from the Development to the Shenyang Taoxian International Airport.</p> <p>The Property comprises the offices on Levels 7 to 35 (inclusive of refuge floors on Levels 14 and 24, and plant rooms on Levels 33 to 35) of Tower 3 of the Development. As advised by the Group, Tower 3 will accommodate a 35-storey office/commercial building.</p> <p>According to the information supplied by the Group, the Property will have a total gross floor area of approximately 34,754.58 sq.m. upon completion.</p> <p>Details of the uses and approximate gross floor area of the Property are as follows:</p> <table border="1"> <thead> <tr> <th><u>Use</u></th> <th><u>Approximate Gross Floor Area (sq.m.)</u></th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>30,480.96</td> </tr> <tr> <td>Refuge Floor</td> <td>2,540.08</td> </tr> <tr> <td>Plant Rooms</td> <td>1,733.54</td> </tr> <tr> <td><b>Total:</b></td> <td><b>34,754.58</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate Gross Floor Area (sq.m.)</u>	Office	30,480.96	Refuge Floor	2,540.08	Plant Rooms	1,733.54	<b>Total:</b>	<b>34,754.58</b>	<p>As at the valuation date, the Property was under construction.</p> <p>However, according to the specific instructions of the Company, we have valued the Property as if it was completed as at the valuation date.</p>	RMB625,000,000 (Renminbi Six Hundred and Twenty Five Million)
<u>Use</u>	<u>Approximate Gross Floor Area (sq.m.)</u>												
Office	30,480.96												
Refuge Floor	2,540.08												
Plant Rooms	1,733.54												
<b>Total:</b>	<b>34,754.58</b>												
	<p>As advised by the Group, the Property is scheduled to be completed by the end of 4th quarter of 2018.</p> <p>According to the legal opinion, the land use rights of the Property have been granted for a term due to expire on 13 April 2054 for commercial use.</p>												

*Notes:*

1. Pursuant to the State-owned Land Use Certificate – Shenyang Guo Yong (2015) Di 0002 Hao dated 22 January 2015, the land use rights of a parcel of land with a site area of 25,120.02 sq m have been granted to 遼寧京豐置業有限公司 (Liaoning Jingfeng Real Estate Co., Ltd.) (“**Liaoning Jingfeng**”) for a term due to expire on 13 April 2084 for residential and other commercial services uses.
2. Pursuant to the Construction Land Planning Permit – Di Zi Di 210100201500002 Hao dated 6 January 2015, Liaoning Jingfeng was permitted to use a parcel of land with a site area of 71,598.11 sq.m. for commercial and residential uses.  
  
As advised by the Group, the Property comprises portion of the land as stated in the Construction Land Planning Permit mentioned above.
3. Pursuant to the Construction Works Planning Permit – Jian Zi Di 210100201500064 Hao dated 30 December 2015, the construction scale of the Development is 1,118,042.31 sq.m.  
  
As advised by the Group, the Property only comprises portion of the buildings as stated in the Construction Works Planning Permit mentioned above.
4. Pursuant to the Construction Works Commencement Permit – No. 21010020160270801 dated 27 January 2016, the construction works of portion of the Development with a construction scale of 272,370.70 sq.m. were permitted for commencement.  
  
As advised by the Group, the Property only comprises portion of the buildings as stated in the Construction Works Commencement Permit mentioned above.
5. Pursuant to the Pre-sale Permit – Sheng Fang Yu Shou Di 16122 Hao, Tower 3 of the Development with a gross floor area of 35,680.47 sq.m. was permitted for pre-sale.  
  
As advised by the Group, the Property only comprises portion of the buildings as stated in the Pre-sale Permit mentioned above.
6. Pursuant to the Sale and Purchase Agreement entered into between Liaoning Jingfeng (the “**Seller**”) and Asiatic Investment Limited (the “**Purchaser**”) on 12 October 2017, the Purchaser has agreed to acquire the Property on completion basis at a consideration of RMB625,000,000. The Seller is required to deliver the Property to the Purchaser before 31 December 2019.
7. As advised by the Seller, the total construction cost incurred for the whole block of Shengjing Financial Plaza Building T3 as at the valuation date was approximately RMB274,083,200.
8. We have been provided with a legal opinion on the title to the Property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - (i) the Sale and Purchase Agreement is legal and effective;
  - (ii) the Seller has fully paid the land grant fee of the Property;
  - (iii) the land use term of the Property is in fact 40 years for commercial use due to expire on 13 April 2054;
  - (iv) the Seller is the owner of the Property and is entitled to transfer, lease, mortgage or by other means to dispose of the Property;
  - (v) the Seller has obtained the necessary approvals and permits from the relevant government authorities for the construction of the Property;
  - (vi) the Seller has obtained the Pre-sale Permit for portion of the Property and is entitled to pre-sell such portion of the Property;
  - (vii) the Property is subject to mortgages in favour of Shenjing Bank Co., Ltd. Shenyang Sub-branch and Huaxin Trust Co., Ltd. The Seller has undertaken in the Sales Contract that they will discharge the said mortgages prior to the delivery of the Property to the Purchaser; and
  - (viii) the Property can be used as office.

9. In undertaking our valuation of the Property, we have made reference to various sales transactions and asking prices of similar developments which have characteristics comparable to the Property. The prices of those comparables are about RMB14,500 to 23,000/sq m for office units. The unit rates assumed by us are consistent with the said prices. Due adjustments to the unit rates of those comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions. In our valuation, we have assumed an average price of RMB20,500/sq.m. for the Property.
10. For the Company's management reference purpose, we would advise that the market value of the Property as if completed as at 30 September 2017 was RMB625,000,000.

## 1. 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 Group. 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.

## 2. DISCLOSURE OF INTEREST

### (a) Directors' and chief executives' interests and short positions in shares and underlying shares of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules were as follows:

Name of Directors	Long/Short position	Capacity	No. of Shares held	Number of underlying share held pursuant to share options	Total	Approximate
						percentage of the issued share capital in the Company
Li Yuguo	Long position	Beneficial owner	1,000,000,000	-	1,000,000,000	15.76%
Huang Yilin	Long position	Beneficial owner	70,000	80,000,000	80,070,000	1.26%
Chan Shi Yin, Keith	Long position	Beneficial owner	1,200,000	80,000,000	81,200,000	1.28%
Zhang Xianlin	Long position	Beneficial owner	-	6,840,000	6,840,000	0.11%
Kwok Hong Yee, Jesse	Long position	Beneficial owner	-	6,700,000	6,700,000	0.11%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange (i) pursuant to Divisions 7 and 8 of

Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules.

**(b) Substantial Shareholders' interests and short positions in shares and underlying shares of the Company and its associated corporations**

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have interests or short positions in the Shares and underlying Shares or debentures of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Capacity	No. of Shares held	Approximate percentage of the issued share capital of the Company
楊小強 (Yang Xiaojiang)	Beneficial owner	1,330,000,000	20.97%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Share or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10% or more of the nominal value of any class of Share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries or held any option in respect of such capital.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within one year without payment of compensation (other than statutory compensation).

#### 4. DIRECTORS' INTEREST IN ASSETS/CONTRACT AND OTHER INTERESTS

- (a) Continental Joy (a wholly-owned subsidiary of the Company) had acquired 20% equity interests in a company which owns Spring Water from Jiu Tai (as disclosed in Company's announcement dated 19 April 2017) at a consideration of HK\$273,000,000. Jiu Tai is wholly owned by Mr. Li Yuguo, and thus, in turn, Mr. Li Yuguo indirectly owns 80% of the interest of Spring Water.
- (b) Save as disclosed above and in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group since 31 March 2017, being the date to which the latest published audited accounts of the Company were made up.
- (c) As at the Latest Practicable Date, save as disclosed above and in this circular, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Company.

#### 5. COMPETING INTEREST

As at the Latest Practicable Date, save as disclosed below, none of the Directors or any of their respective close associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Name of Director/associate	Name of company	Nature of interest in the company	Business of the company
Mr. Li Yuguo	遼寧京豐置業有限公司	Ultimate beneficial owner with 100% interest	principally engaged in property development, property leasing and sales

#### 6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Group.

## 7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Company or any of its subsidiaries within two years immediately preceding the date of this circular and are or may be material:

- (a) The acquisition agreement dated 10 November 2015 (the “**November 2015 Acquisition Agreement**”) entered into between Shengyi Information Consulting (Shenzhen) Co., Ltd.\* (晟奕信息諮詢(深圳)有限公司) (“**Shengyi Information**”) as the purchaser and ISH Yanbao Logistics (Shenzhen) Co. Ltd. (綜合信興鹽保物流(深圳)有限公司) (“**ISH Yanbao**”) as the vendor, pursuant to which the purchaser has agreed to purchase and the vendor has agreed to sell a single-storey reinforced concrete building designated for office and storage uses with a gross floor area of approximately 4,957 sq.m., being the Block 2 of a comprehensive storage, research and development and commercial development, comprising nine-storey (excluding a single-storey basement) composite buildings and one single-storey office and storage reinforced concrete building with a gross floor area of approximately 69,000 sq.m. and situated at depot No. 2, 3rd Road and Shenyang Road Intersect, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC (the “**Jinma Creative Industry Park**”) for an initial consideration of RMB101,628,955 (subject to adjustments). As at the Latest Practicable Date, the Group had obtained physical possession of the property and paid a total of a conditionally refundable deposit of RMB100,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB1,628,955 shall be paid within 30 days from the date on which the property has been registered under the name of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 30 June 2018 (or such other date as may be mutually agreed). Please refer to the Company’s announcements dated 10 November 2015 and 17 May 2017 for details;
- (b) The supplemental agreement dated 15 June 2016 to the acquisition agreement dated 15 April 2015 entered into between 深圳弘永潤實業發展有限公司 (transliterated as Shenzhen Hong Yong Run Industrial Company Limited\*) as the purchaser and 廣州市中展投資發展有限公司 (transliterated as Guangzhou Shi Zhong Zhan Investment Development Company Limited\*) as vendor in relation to the acquisition of the property, with a total gross floor area of 8,562.52 sq.m., which comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in a commercial and residential development project known as 金馬水岸廣場 for an initial consideration of approximately RMB130,150,000 (subject to adjustments). The commercial and residential development project located at Donghu Lakeside, Zengjiang Street, Zengcheng City, Guangdong Province, the PRC (the “**Jinma Waterfront Square**”), pursuant to which delivery of the physical possession of the property shall take place on or before 31 December 2016. Given that the vendor failed to deliver the physical possession of the properties as

mentioned in 7(b) and 7(c) within the timeframe specified in the acquisition agreements, the Group served a termination notice to the vendor on 18 January 2017 and demand the refund of the consideration in the amount of RMB274,000,000 pursuant to the terms and conditions of the acquisition agreements and the payment of an additional sum representing not less than 3% thereof as compensation (details of which were disclosed in the announcement dated 18 January 2017). As at the Latest Practicable Date, the Group had totally received RMB183,000,000 for the refund of the paid consideration and the payment of the compensation. Please refer to the Company's announcements dated 15 June 2016 and 18 January 2017 for details;

- (c) The supplemental agreement dated 15 June 2016 to the acquisition agreement dated 5 June 2015 entered into between 深圳弘永潤實業發展有限公司 (transliterated as Shenzhen Hong Yong Run Industrial Company Limited\*) as the purchaser and 廣州市中展投資發展有限公司 (transliterated as Guangzhou Shi Zhong Zhan Investment Development Company Limited\*) as the vendor in relation to the acquisition of the property, with a total gross floor area of approximately 4,200 sq.m., which comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in the Jinma Waterfront Square for an initial consideration of RMB75,598,740 (subject to adjustments), pursuant to which delivery of the physical possession of the property shall take place on or before 31 December 2016. The status and development of the relevant transaction is disclosed above at 7(b). Please refer to the Company's announcements dated 15 June 2016 and 18 January 2017 for details.
- (d) The sale and purchase agreement dated 29 June 2016 entered into between Ms. 胡惠芳 (transliterated as Hu Huifang\*) and Ms. 石秀蘭 (transliterated as Shi Xiulan\*) as the vendors and World Metro Investment Limited as the purchaser, pursuant to which the purchaser has agreed to purchase and the vendors have agreed to sell 100% equity interest in 陝西天地眾力能源發展有限公司 (transliterated as Shaanxi Tiandi Zhongli Energy Development Company Limited\*) for the consideration of RMB31,200,000. The Group had served a termination notice to the vendors for, among other things, termination of the sale and purchase agreement on 26 June 2017. Please refer to the Company's announcements dated 29 June 2016 and 29 May 2017 for details;
- (e) The supplemental agreement dated 12 July 2016 to the acquisition agreement dated 24 June 2014 (the "2014 Acquisition Agreement") entered into between Shengyi Information as the purchaser and ISH Yanbao as the vendor in relation to the acquisition of 46 units of the Jinma Creative Industry Park for an initial consideration of RMB100,042,870, pursuant to which the vendor shall register the title of the property under the name of the purchaser on or before 31 March 2017; and the vendor agreed to waive the management fee for the property for five (5) months. As at the Latest Practicable Date, the Group had obtained physical possession of the property and totally paid a conditionally refundable deposit of RMB90,000,000 in accordance with the



terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB10,042,870 shall be paid within 30 days from the date on which the relevant building ownership certificates have been issued in favour of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 31 March 2018 (or such other date as may be mutually agreed). Please refer to the Company's announcements dated 12 July 2016 and 17 May 2017 for details;

- (f) The supplemental agreement dated 12 July 2016 to the acquisition agreement dated 15 May 2015 (the "**May 2015 Acquisition Agreement**") entered into between Shengyi Information as the purchaser and ISH Yanbao as the vendor in relation to the acquisition of the property, with a gross floor area of approximately 5,400 sq.m., comprises of 30 units of the Jinma Creative Industry Park for an initial consideration of RMB65,107,800 (subject to adjustments), pursuant to which the vendor shall register the title of the property under the name of the purchaser on or before 31 March 2017; and the vendor agreed to waive the management fee for the property for five (5) months. As at the Latest Practicable Date, the Group had obtained physical possession of the property and totally paid a conditionally refundable deposit of RMB60,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB5,107,800 shall be paid within 30 days from the date on which the property has been registered under the name of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 31 March 2018 (or such other date as may be mutually agreed). Please refer to the Company's announcements dated 12 July 2016 and 17 May 2017 for details;
- (g) The acquisition agreement dated 28 February 2017 entered into between Shenzhen Weisidun Investment Development Company Limited\* (深圳威斯頓投資發展有限公司) as the purchaser and Beijing Zhongtong Chuangzhan Land Company Limited\* (北京中投創展置業有限公司) as the vendor, pursuant to which the vendor agreed to sell the office premises with a gross floor area of 8,335 sq.m. and underground car park with a gross floor area of 3,100 sq.m. located in the Phase III of the Beijing Convention and Exhibition International Port (Exhibition Centre Ancillary Facilities) Project\* (北京會展國際港展館配套設施項目第三期) for an initial consideration of RMB220,000,000 (subject to adjustments). As at the Latest Practicable Date, the Group paid a total of RMB200,000,000 as consideration in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the pre-sale agreement between the vendor and the purchaser in relation to the sale and purchase of the property having been entered into and the building owner certificate having been obtained by the purchaser. Currently, the relevant properties are under construction. The expected construction completion date is on or around 31 December 2018. Please refer to the Company's announcement dated 28 February 2017 for details;

- (h) The acquisition agreement dated 19 April 2017 entered into between Continental Joy Limited as purchaser and Jiu Tai International Resources Company Limited as vendor, pursuant to which the purchaser agreed to acquire and the vendor agreed to sell 20% of the equity interest of Hong Kong Spring Water Ding Dong Group Company Limited for an aggregate consideration of HK\$273,000,000. For its latest development please refer to Appendix I in this circular. Please refer to the Company's announcement dated 19 April 2017 and 25 April 2017 for details;
- (i) The disposal agreement dated 27 April 2017 entered into between Hongyuan Information Consultancy (Shenzhen) Company Limited\* (鴻源信息諮詢(深圳)有限公司) ("**Hongyuan**"), an indirect wholly-owned subsidiary of the Company, and Shenzhen Shi Anye Chuangzhan Investment Development Company Limited\* (深圳市安業創展投資發展有限公司) ("**Shenzhen Shi Anye**") in relation to the disposal of 60% equity interest in 深圳鵬鴻昇實業發展有限公司 ("**Penghongsheng**") and the sale loan in the amount of RMB234,390,000 (equivalent to approximately HK\$264,860,700) for the consideration of RMB240,000,000 (equivalent to approximately HK\$271,200,000). The Group received the consideration on 6 July 2017. Please refer to the Company's announcement dated 27 April 2017 for details;
- (j) The supplemental agreement dated 17 May 2017 to the 2014 Acquisition Agreement, the May 2015 Acquisition Agreement and the November 2015 Acquisition Agreement, entered into between Shengyi Information as the purchaser and ISH Yanbao as the vendor in relation to the delay of registration of certain properties. The status and development of the relevant transactions are disclosed above at 7(a), 7(e) and 7(f). Please refer to the Company's announcement dated 17 May 2017 for details;
- (k) The acquisition agreement dated 23 May 2017 entered into between Continental Joy Limited as purchaser and Mr. Lam Chun Ho (林鎮豪) as vendor, pursuant to which the purchaser agreed to acquire and the vendor agreed to sell 67% of the issued share capital of Good Union (China) Limited for an aggregate consideration of HK\$244,000,000. For its latest development please refer to Appendix I in this circular. Please refer to the Company's announcements dated 23 May 2017 and 7 June 2017 for details;
- (l) The disposal agreement ("**Disposal Agreement**") dated 6 June 2017 entered into between Hongyuan and Shenzhen Shi Anye in relation to the disposal of 40% equity interest in Penghongsheng and the sale loan in the amount of RMB156,260,000 (equivalent to approximately HK\$176,573,800) for a consideration of RMB160,000,000 (equivalent to approximately HK\$188,000,000). The Group received the consideration on 23 October 2017. Please refer to the Company's announcements dated 6 June 2017 and 28 August 2017 for details;

- (m) The conditional subscription agreement dated 7 July 2017 entered into between the Company as issuer and Mr. Li Yuguo as subscriber, pursuant to which the Company conditionally agreed to issue and Mr. Li Yuguo conditionally agreed to subscribe for 1,000,000,000 Shares at the price of HK\$0.25 per subscription Share. As at the Latest Practicable Date, the subscription was completed and there is no further update in this regard. Please refer to the Company's announcements dated 7 July 2017 and 8 August 2017 for details;
- (n) The supplemental agreement to the Disposal Agreement dated 28 August 2017 entered into between Hongyuan and Shenzhen Shi Anye in relation to the extension of long stop dates of the Disposal Agreement. The Group received the consideration on 23 October 2017. Please refer to the Company's announcement dated 28 August 2017 for details; and
- (o) The Sale and Purchase Agreement.

#### 8. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given an opinion or advice to the contents of this circular:

Name	Qualifications
Savills Valuation and Professional Services Limited	Property valuer
Lau & Au Yeung C.P.A. Limited	Certified public accountants
Platinum Securities Company Limited	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issuer of this circular with the inclusion of its letters, reports and/or opinion, as the case may be, and references to its name in the form and context in which they respectively appear.

As the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As the Latest Practicable Date, each of the above experts did not have, directly or indirectly, any interest in any assets which had since 31 March 2017 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group.

**9. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Szeto King Pui, Albert, a practising solicitor in Hong Kong.
- (b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The head office and principal place of business of the Company is located at Unit 4312, 43/F, COSCO Tower, 183 Queen's Road Central, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours (i.e. from 9:30 a.m. to 5:00 p.m. on Monday to Friday except public holidays) at the principal place of business in Hong Kong of the Company in Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the memorandum and articles of association of the Company;
- (b) the Sale and Purchase Agreement and the Guarantee;
- (c) the letter from the Board, the text of which is set out on pages 4 to 15 of the circular;
- (d) the letter of recommendation from the Independent Board Committee dated 22 January 2018, the text of which is set out on pages 16 to 17 of this circular;
- (e) the letter of advice issued by Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 22 January 2018, the text of which is set out on pages 18 to 39 of this circular;
- (f) the report from Lau & Au Yeung CPA Limited on the unaudited pro forma statement of assets and liabilities of the Group as set out in Appendix II to this circular;
- (g) the property valuation report issued by the Valuer as set out in Appendix III to this circular;

- (h) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (i) the contracts referred to in this circular;
- (j) the written consents of the experts referred to in the paragraph headed “Qualification and Consent of Experts” in this appendix;
- (k) the annual reports of the Company for the two years ended 31 March 2016 and 2017; and
- (l) this circular and the circular of the Company dated 5 September 2017.

**Asia Resources Holdings Limited**  
**亞洲資源控股有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock Code: 899)

**NOTICE OF THE SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting of the shareholders of Asia Resources Holdings Limited (the “**Company**”) will be held at Empire Room 1, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 12 February 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

**ORDINARY RESOLUTIONS**

1. “**THAT**
  - (a) the agreement (the “**Sale and Purchase Agreement**”) (a copy of which is tabled at the meeting and marked “A” and signed by the chairman of the meeting for identification purpose) dated 12 October 2017 entered into between 遼寧京豐置業有限公司 as vendor and Asiaciti Investment Limited, an indirect wholly-owned subsidiary of the Company, as purchaser in relation to the sale and purchase of the properties comprising Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC under the Shenyang Commodity Housing Pre-sale Permit No. 16122 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
  - (b) any one or more of the directors of the Company (the “**Directors**”) or a duly authorised committee of the board of Directors be and is/are hereby authorised to take all steps and do all acts and things to sign and execute all such documents (including under seal, where applicable) which he/they consider(s) necessary, desirable or expedient for the purposes of giving effect to or in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally and materially different from those as provided for in the Sale and Purchase Agreement) as are, in the opinion of the Directors or such duly authorised committee, in the interest of the Company and its shareholders as a whole.”

By order of the Board  
**Asia Resources Holdings Limited**  
**Huang Yilin**  
*Executive Director*

Hong Kong, 22 January 2018

\* For identification purpose only

## NOTICE OF THE SGM

*Principal place of business in Hong Kong:*

Unit 4312, 43/F,  
COSCO Tower  
183 Queen's Road Central  
Hong Kong

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Notes:*

1. A 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, subject to the provisions of the bye-laws of the Company, vote in his/her stead. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be valid, a form of proxy and the instrument appointing the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company's Branch Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than Saturday, 10 February 2018 at 11:00 a.m. (Hong Kong Time) or not less than 48 hours before the time for holding the said meeting or any adjourned meeting.
3. For determining the entitlement to attend and vote at the SGM, the Register of Members of the Company will be closed from Wednesday, 7 February 2018 to Monday, 12 February 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the SGM (or at any adjournment thereof), all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's branch registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. (Hong Kong Time) on Tuesday, 6 February 2018.
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof, should he/she so wish, and in such event, the authority of the proxy shall be deemed to be revoked.
5. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

*As at the date of this notice, the Board consists of five executive directors, Mr. Li Yuguo, Mr. Huang Yilin, Mr. Chan Shi Yin, Keith, Mr. Liu Yan Chee, James and Mr. Chan Yuk Sang; and three independent non-executive directors, Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ng Ping Yiu.*