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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)

CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES

On 17 April 2018, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price on the Subscription Completion Date.

1,268,000,000 Subscription Shares represent approximately 19.99% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.66% of the issued share capital of the Company as enlarged by the Subscription Shares. The Subscription Shares will be issued under the specific mandate to be granted by the Independent Shareholders and will rank equally among themselves and with the existing Shares in issue on the Subscription Completion Date.

As at the date of this announcement, the Subscriber is the Chairman, an executive Director and a substantial Shareholder who holds 1,000,000,000 Shares, representing approximately 15.76% of the issued share capital of the Company. Since the Subscriber is a connected person of the Company under the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the grant of the specific mandate to allot and issue Subscription Shares, the Subscription Agreement and the transactions contemplated thereunder.

The gross proceeds of the Subscription will be HK\$317,000,000. The net proceeds of the Subscription will be approximately HK\$316,500,000 and are intended to be used for those purposes as set out in the paragraph headed “Reasons for the Subscription and Use of Proceeds” of this announcement.

Completion is subject to the fulfillment of the conditions precedent set forth in the Subscription Agreement. As the Subscription may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

On 17 April 2018, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price on the Subscription Completion Date.

The Subscription Price

The Subscription Price is HK\$0.25 per Share, which shall be paid upon Completion.

The Subscription Price is equivalent to the nominal value of each Share and represents (i) a premium of approximately 201.2% to the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on 17 April 2018, being the date of the Subscription Agreement; and (ii) a premium of approximately 175.9% to the average closing price of approximately HK\$0.0906 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to the date of the Subscription Agreement.

Number of Subscription Shares

1,268,000,000 Subscription Shares represent approximately 19.99% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.66% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$317,000,000.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the issued Shares as at the date of allotment of the Subscription Shares.

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (a) approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares;
- (b) the passing by the Independent Shareholders who are entitled to vote and not required to abstain from voting under the Listing Rules at the SGM to be held and convened for the purpose of approving, inter alia, the issue of the Subscription Shares;
- (c) all necessary corporate approvals and consents and third party consents, including the approval of the Bermuda Monetary Authority to the issue of the Subscription Shares (if necessary) for the transactions contemplated under the Subscription Agreement being obtained on or before Completion;
- (d) the Subscriber being satisfied that the warranties set out in the Subscription Agreement are true and accurate in all respects as at the date of the Subscription Agreement and at the Subscription Completion Date;
- (e) the allotment and issue of the Subscription Shares do not trigger the obligations to make a mandatory general offer under the Code on Takeovers and Mergers; and
- (f) there is no indication from the Stock Exchange that the listing status of the securities of the Company will be revoked by the Stock Exchange as a result of the implementation of the transactions contemplated under the Subscription Agreement.

The Subscription Agreement does not provide for either party to waive any of the above conditions.

Completion

Completion shall take place within 3 Business Days following the satisfaction of all the conditions precedent referred to in the Subscription Agreement (which shall be no later than 31 July 2018 or such later date as may be agreed by all the parties hereto in writing) at the principal place of business of the Company, or other such place as may be agreed between the parties in Hong Kong.

EQUITY FUND RAISING IN THE PAST TWELVE MONTHS

The following is the equity fund raising activity conducted by the Group in the past twelve (12) months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds and intended use	Actual use of net proceeds
7 July 2017	Issue of 1,000,000,000 Shares under general mandate	Approximately HK\$249.9 million which was intended to be used for acquisition and development of businesses related to natural resources or the products thereof or working capital of the Group	Approximately HK\$7 million was used for capital expenditure on the production facilities of Hunan Xintian Approximately HK\$12 million was used for operating expenses for the Company Approximately HK\$230 million was still kept for the intended use

The Directors have also considered other possible methods of fund raising. However, since the par value of each Share is HK\$0.25 and the closing price of the Share as quoted on the Stock Exchange on the date of the Subscription Agreement was HK\$0.083, it is unlikely for the Company to successfully secure potential investors to subscribe for new Shares at a substantial premium, whether by way of placing, rights issue or otherwise. For issue of convertible bonds or loan financing, the Company will have to incur interest expenses and may eventually be required to repay the principal. The Company may also be imposed of certain restrictive covenants under the instrument constituting the convertible bonds or loan agreements, which may restrict its business and daily operations. Further, given that various projects of the Group are now still in their early stage and the cashflow of the Company is limited, it may be difficult to secure loans from the banks.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the existing and enlarged shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after the Completion:

	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>No. of Shares</i>	<i>Approx. percentage</i>	<i>No. of Shares</i>	<i>Approx. percentage</i>
Yang XiaoQiang	1,330,000,000	20.97%	1,330,000,000	17.47%
The Subscriber	1,000,000,000	15.76%	2,268,000,000	29.80%
Public				
Public Shareholders	<u>4,013,690,000</u>	<u>63.27%</u>	<u>4,013,690,000</u>	<u>52.73%</u>
Total	<u>6,343,690,000</u>	<u>100.00%</u>	<u>7,611,690,000</u>	<u>100.00%</u>

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company needs additional financial resources for the capital expenditure of the production facilities of Hunan Xintian. Further, the Directors consider that the Subscription also offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development.

The Subscription Price was determined with reference to the prevailing market price of the Shares, the nominal value of each Share and the minimum Subscription Price allowed under the Listing Rules and the applicable laws.

The Directors consider that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. The gross proceeds of the Subscription will be HK\$317,000,000. The net proceeds (after deducting all applicable costs and expenses reasonably incurred in relation to the entering of the Subscription Agreement and the related documents) of approximately HK\$316,500,000 from the Subscription are intended to be used as to approximately (i) HK\$56 million for capital expenditure on the production facilities of Hunan Xintian and (ii) HK\$260.5 million for the potential acquisition of business or companies and working capital of the Group. As at the date of this announcement, the Company did not have specific target for acquisition. The net price of each Subscription Share will be approximately HK\$0.249.

Mr. Li Yuguo, who has a material interest in the transaction, has abstained from voting on the Board resolutions approving the Subscription Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber is the Chairman, an executive Director and a substantial Shareholder which holds 1,000,000,000 Shares, representing approximately 15.76% of the issued share capital of the Company. Since the Subscriber is a connected person of the Company under the Listing Rules, the Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscription Shares will be allotted and issued under the specific mandate to be granted by the Independent Shareholders to allot, issue and deal with the Shares by an ordinary resolution to be proposed for approval by the Independent Shareholders at the SGM.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise and give recommendation to the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder.

Platinum Securities Company Limited has been appointed as the independent financial adviser of the Company to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder.

SGM

The SGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the grant of specific mandate to allot and issue the Subscription Shares, the Subscription Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, the Subscriber, who holds 1,000,000,000 Shares as at the date of this announcement and has material interest in the transactions contemplated under the Subscription Agreement, and his associates, will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder and is required to abstain from voting at the SGM.

The Circular containing, among other things, (i) further details of the Subscription; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the independent financial adviser in relation to the Subscription; and (iv) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the Circular will be despatched to the Shareholders on or before 9 May 2018.

INFORMATION ON THE COMPANY AND THE SUBSCRIBER

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 Subscriber is an individual merchant and is the Chairman, an executive Director and a substantial Shareholder.

WARNING

Completion is subject to fulfillment of the conditions precedent set forth in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong and on which the Stock Exchange is open for the business of dealing in securities;
“Circular”	a circular to be issued and published by the Company together with the notice of the SGM in relation to the Subscription;

“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 899);
“Completion”	completion of the subscription of the Subscription Shares;
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hunan Xintian”	湖南新田富鋸礦泉水有限公司, a company incorporated in the People’s Republic of China with limited liability, being an indirect 67% subsidiary of the Company and is principally engaged in exploitation, production and sales of spring water;
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than the Subscriber and his associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the specific mandate to allot and issue the Subscription Shares, the Subscription Agreement and the transactions contemplated thereunder;

“Share(s)”	the ordinary share(s) of HK\$0.25 per share in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Mr. Li Yuguo, an individual businessman and the subscriber under the Subscription Agreement, who is also the Chairman, an executive Director and a substantial Shareholder;
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 17 April 2018 entered into between the Company and the Subscriber in respect of the Subscription;
“Subscription Completion Date”	the date of Completion;
“Subscription Price”	HK\$0.25 per Subscription Share;
“Subscription Shares”	1,268,000,000 Shares to be issued by the Company, credited as fully paid up, to the Subscriber; and
“%”	per cent.

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

Hong Kong, 17 April 2018

As at the date of this announcement, 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.

* *For identification purpose only*