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NORTH ASIA RESOURCES HOLDINGS LIMITED
北亞資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

**ALTERATION OF THE TERMS
OF THE US\$30M CONVERTIBLE BONDS
AND
SPECIFIC MANDATE FOR
THE ADDITIONAL CONVERSION SHARES**

The Company announces that on 6 January 2012 after trading hours, the Company and Business Ally have entered into the Second Supplemental Agreement in relation to, among others, the Proposed Alteration of certain terms and conditions of the US\$30M Convertible Bonds.

The Proposed Alteration shall be subject to, among others, the approval of the Stock Exchange and the Shareholders at the SGM. The Specific Mandate shall be subject to, among others, the approval of the shareholders at the SGM.

A circular containing details of the Proposed Alteration, the Specific Mandate and the notice of SGM is expected to be despatched to the Shareholders in compliance with the Listing Rules on or before 31 January 2012.

References are made to the announcements (the “**Announcements**”) of the Company dated 15 December 2011 and 3 January 2012 respectively in relation to, among others, the Possible Alteration of the terms and the adjustment of conversion price of the US\$30M Convertible Bonds. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

BACKGROUND OF THE US\$30M CONVERTIBLE BONDS

By a subscription agreement dated 8 September 2010 (the “**September Subscription Agreement**”) (as amended and supplemented by a supplemental letter dated 21 September 2010 and further amended by a supplemental agreement dated 29 October 2010) entered into between the Company and Business Ally, the Company agreed to issue, and Business Ally agreed to subscribe, on and subject to the terms and conditions set out in the September Subscription Agreement, for up to US\$33,000,000 in aggregate principal amount of 8.0% per annum coupon rate secured convertible bonds due 2013 in two (2) tranches, convertible into fully paid ordinary shares of HK\$0.01 each in the capital of the Company. Business Ally has completed the subscription of US\$30M Convertible Bonds on 14 September 2010 and has elected not to subscribe for US\$3,000,000 convertible bonds under the September Subscription Agreement. The US\$30M Convertible Bonds were issued on 14 September 2010. Please refer to the announcement of the Company dated 8 September 2010 and the circular of the Company dated 2 February 2011 for further details.

As disclosed in the announcement of the Company dated 29 October 2010, the Company and Business Ally entered into the Supplemental Agreement to amend the adjustment mechanism to the Conversion Price of the US\$30M Convertible Bonds and to share the security for the US\$30M Convertible Bonds. By the subscription agreement dated 29 October 2010 (as amended and supplemented by a supplemental agreement dated 3 November 2010) (the “**October Subscription Agreement**”) entered into between the Company and Business Ally, the Company agreed to issue, and Business Ally agreed to subscribe, on and subject to the terms and conditions set out in the October Subscription Agreement, for the US\$10M Convertible Bonds. The US\$10M Convertible Bonds were issued on 12 November 2010. For further details, please refer to the announcement of the Company dated 29 October 2010.

As disclosed in the announcement dated 15 December 2011, the Company has fully redeemed the US\$10M Convertible Bonds on 15 December 2011 and was in the course of negotiations with Business Ally in relation to the US\$30M Convertible Bonds.

SECOND SUPPLEMENTAL AGREEMENT

The Company announces that on 6 January 2012 after trading hours, the Company and Business Ally have entered into a supplemental agreement (the “**Second Supplemental Agreement**”) in relation to, among others, the Proposed Alteration of certain terms and conditions of the US\$30M Convertible Bonds.

Date: 6 January 2012 (after trading hours)

Parties:

The Company

Business Ally as the holder of the US\$30M Convertible Bonds (the “**Bondholder**”)

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Bondholder and its ultimate beneficial owner(s) are Independent Third Parties.

Proposed Alteration

Subject to the terms and conditions of the Second Supplemental Agreement, the Company and the Bondholder agree to alter the terms of the US\$30M Convertible Bonds as follows:

	Existing Terms	Amendments
Maturity Date	The third anniversary of the date of issue of the US\$30M Convertible Bonds	13 December 2012
Negative pledge and security	The US\$30M Convertible Bonds are secured by the Charge on Preference Shares and the Share Charge on a first priority basis	The US\$30M Convertible Bonds are secured by the Charge on Preference Shares and the Share Charge on a first priority basis and also the Additional Charge on Preference Shares and the Charge on Shares
Redemption as a result of a Major Assets Acquisition and/or Disposition	There is no provisions governing the redemption as a result of a Major Assets Acquisition and/or Disposition	With respect to a Major Assets Acquisition and/or Disposition, each Bondholder will have the right (at its sole discretion) to require the Company to redeem in full (or in part) the US\$30M Convertible Bonds held by it on the Major Assets Acquisition and/or Disposition Put Date (as defined below) plus any accrued but unpaid interest thereon.

A “**Major Assets Acquisition and/or Disposition**” means:

- (i) the Company (directly or indirectly) acquires any asset, the value of which exceeds HK\$100,000,000; or
- (ii) the Company (directly or indirectly) disposes any asset which is not in the ordinary course of business, the value of such asset exceeds HK\$100,000,000.

In the event of any redemption of the US\$30M Convertible Bonds by the Bondholder prior to the maturity date as a result of redemption as a result of Major Assets Acquisition and/or Disposition, interest (which shall include all interest previously paid to the Bondholder) shall be calculated at the rate of 18% per annum on the outstanding principal amount of the US\$30M Convertible Bonds from the issue date up to the date of actual redemption.

Redemption upon Change of Control	Change of control shall occur when: <ul style="list-style-type: none"> (a) any new shareholder of the Company holding 30% or above of the voting rights of the Company; or 	Change of control shall occur when: <ul style="list-style-type: none"> (a) any new shareholder of the Company holding 30% or above of the voting rights of the Company unless the change is as a result of any acquisition by the Company of any asset, the value of which exceeds HK\$100,000,000; or
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Existing Terms

- (b) Mr. King Jun Chih Joseph ceases to be an executive director of the Company

Amendments

- (b) there is any change in the ultimate beneficial ownership (up to individual level) of any corporate shareholder of the Company which holds 30% or above of the voting rights of the Company, unless the change in the ultimate beneficial ownership to individual level of any corporate shareholder is as a result of any acquisition by the Company of any asset, the value of which exceeds HK\$100,000,000.

Guaranteed Return

There is no provision for guaranteed return.

If any of the following events occurs on or after 15 December 2011, the Bondholder shall have the right to issue a written notice to the Company to request for repayment of all outstanding principal amount under the US\$30M Convertible Bonds together with the Guaranteed Return (as defined below):

- (a) the Company fails to pay any interest accrued on each interest payment date; or
- (b) the Company fails to redeem any Bonds pursuant to the terms of the US\$30M Convertible Bonds; or
- (c) so long as any principal amount under the US\$30M Convertible Bonds remains outstanding, the Company fails to maintain the net asset value of the Group (as shown in the audited consolidated financial statements of the Group) at HK\$300,000,000 or above; or
- (d) the aggregate market value of: (i) the Preference Shares charged for the security of the US\$30M Convertible Bonds (including the Preference Shares charged under the Additional Charge on Preference Shares), calculated with reference to the closing price of the shares of the Company quoted on daily quotation sheets of the Stock Exchange, (ii) the charged shares of Green Paradise Enterprises Ltd. (the market value of which is with reference to the net asset value of Green Paradise Enterprises Ltd. as shown on the audited financial statements of Green Paradise Enterprises Ltd.) and the mines located in Oyut Ovoo held by the Group (the market value of which is with reference to the fair value of the mines conducted by valuator for each financial year of the Group); (iii) the Shares charged pursuant to Charge on Shares, calculated with reference to the closing price quoted on daily quotation sheets of the Stock Exchange, is less than three (3) times of the Subscription Amount and interest accrued but unpaid; or

Existing Terms

Amendments

- (e) any direct or indirect disposal of the mines located in Oyut Ovoo held by the Group to any third parties without any prior written consent by the Bondholder provided that in the event that the Company has entered into definitive documents or agreements for the acquisition of mines or other assets, the valuation of such mines or other assets as shown in the valuation report issued by an independent valuator appointed by the Company and acceptable by the Stock Exchange is not less than the market value of the mines located in Oyut Ovoo to be disposed, the Bondholders shall deem to have given their consents and the Bondholder shall still be entitled to exercise their right under redemption for Change of Control if and only if such acquisition will cause Change of Control (as defined in the US\$30M Convertible Bonds).

“**Guaranteed Return**” means a gross return of 25% per annum calculated on the Subscription Amount

Apart from the Proposed Alteration, the remaining material terms and conditions of the US\$30M Convertible Bonds remain intact and unchanged.

Conditions of the Proposed Alteration

The Second Supplemental Agreement and the amendment to the September Subscription Agreement and the terms and conditions of the US\$30M Convertible Bonds contemplated under the Second Supplemental Agreement shall be conditional and take effect upon:–

- (a) Mountain Sky shall have charged all Preference Shares registered under its name and shall have executed under seal and delivered to the Subscriber the charge on preference shares (the “**Additional Charge on Preference Shares**”) to charge the remaining Preference Shares registered under its name (being 986,054,490 Preference Shares) in favour of the Bondholder, lodged all relevant documents for registration in relation to the Additional Charge on Preference Shares under the laws of the BVI and delivered to the Bondholder a legal opinion confirming the due execution of the Additional Charge on Preference Shares by Mountain Sky, issued by lawyers qualified to practise the laws of BVI in relation to the Additional Charge on Preference Shares;
- (b) Mountain Sky shall have executed under seal and delivered to the Subscriber the charge on shares (the “**Charge on Shares**”) to charge all shares of the Company registered under its name (being 155,350,000 shares) in favour of the Bondholder, lodged all relevant documents for registration in relation to the Charge on Shares under the laws of the BVI and delivered to the Bondholder a legal opinion confirming the due execution of the Charge on Shares by Mountain Sky, issued by lawyers qualified to practise the laws of BVI in relation to the Charge on Shares;

- (c) (if required and necessary) passing of the ordinary resolution(s) by the Shareholders of the Company who are entitled to vote and not required to be abstained from voting under the Listing Rules in relation to the amendments made to the US\$30M Convertible Bonds as set out in the Second Supplemental Agreement;
- (d) the obtaining of the approval from the Stock Exchange (if required and necessary) in relation to the amendment made to the US\$30M Convertible Bonds as set out in the Second Supplemental Agreement; and
- (e) the obtaining of all necessary consents and approvals required to be obtained on the part of the Company and the Bondholder in respect of the Second Supplemental Agreement.

If any of the conditions set out above cannot be satisfied on or before 5 March 2012 (or such later date as the parties thereto may agree in writing), the Second Supplemental Agreement shall cease and terminate.

Reasons for the Proposed Alteration

The Group is principally engaged in distribution of information technology products, and geological survey, exploration and development of iron, gold and other mineral deposits (mining operation) and trading of iron ore and alluvial gold.

The Proposed Alteration is arrived at after arm's length negotiations between the Company and the Bondholder.

Given that the business of the Group is developing, the Board considers that there will be adverse impact to the Group if the Group is required to redeem all the outstanding US\$30M Convertible Bonds as the Group may not have sufficient internal resources to redeem the US\$30M Convertible Bonds as requested by Business Ally. Furthermore, in light of the current financial market, it is prudent for the Company to have sufficient cash flow and the Proposed Alteration will relieve short term cash outflow of the Company and allow further flexibility for the Company to plan its allocation of resources.

As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Second Supplemental Agreement to be fair and reasonable and the Proposed Alteration will be in the interests of the Company and the Shareholders as a whole.

SPECIFIC MANDATE FOR THE ADDITIONAL CONVERSION SHARES

The Company also announced on 3 January 2012 that the applicable US\$30M Convertible Bonds Conversion Price has been adjusted from HK\$1.30 to HK\$0.27 per Conversion Share (the "**Adjusted Conversion Price**") with effect from 3 January 2012, which will result in a total of 861,111,111 Conversion Shares being issued upon full exercise of the US\$30M Convertible Bonds at the Adjusted Conversion Price. The Company will seek Shareholders' approval for a specific mandate (the "**Specific Mandate**") for issuing the additional 682,264,958 Conversion Shares (the "**Additional Conversion Shares**") being 861,111,111 Conversion Shares minus the 178,846,153 Conversion Shares previously approved by Shareholders at the SGM dated 23 February 2011.

LISTING RULES IMPLICATIONS

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. As such, the Proposed Alteration and the Specific Mandate shall be subject to the approval of the Stock Exchange. The Company will apply to the Stock Exchange for the approval of the Proposed Alteration and the listing of, and the permission to deal in, the Additional Conversion Shares.

Since the Proposed Alteration will constitute a material change to the terms and conditions of the US\$30M Convertible Bonds, besides approval from the Stock Exchange, the Shareholders' approval will also be required.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Proposed Alteration and accordingly no Shareholders shall require to be abstained from voting at the SGM.

A circular containing details of the Proposed Alteration, the Specific Mandate and the notice of SGM is expected to be despatched to the Shareholders in compliance with the Listing Rules on or before 31 January 2012.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Bondholder”	holder of the US\$30M Convertible Bonds
“BVI”	British Virgin Islands
“Company”	North Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Parties”	any person or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mountain Sky”	Mountain Sky Resources (Mongolia) Limited, a company incorporated in the BVI, which currently holds 1,500,987,376 Preference Shares
“Proposed Alteration”	the proposed alteration of certain terms and conditions of the US\$30M Convertible Bonds as contemplated under the Second Supplemental Agreement
“Second Supplemental Agreement”	the second supplemental agreement dated 6 January 2012 entered into between the Company and the Bondholder in relation to the Proposed Alteration
“SGM”	the special general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Proposed Alteration and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By the order of the Board of
North Asia Resources Holdings Limited
Mr. Tse Michael Nam
Chairman

Hong Kong, 6 January 2012

As at the date of this announcement, Mr. Tse Michael Nam and Mr. Yang Xiaoqi are the executive Directors, Mr. Wu Chi Chiu is the non-executive Director and Mr. Lim Yew Kong, John, Mr. Mak Ping Leung and Mr. Leung Po Wing, Bowen Joseph (GBS, JP) are the independent non-executive Directors.