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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)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF SUBSIDIARIES

THE AGREEMENT

The Board is pleased to announce that on 12 July 2018 (after trading hours of the Stock Exchange), the Company, the Purchaser, Disposal Company I and Disposal Company II entered into the Agreement in relation to the Disposal, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares at the consideration of HK\$33,000,000.

Completion of the Disposal is subject to a number of conditions as set out in this announcement below.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Disposal are less than 5%, the Disposal is exempt from the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WARNING

Completion of the Disposal is subject to the satisfaction and/or waiver of the conditions precedent under the Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

* For identification purposes only

INTRODUCTION

The Board is pleased to announce that on 12 July 2018 (after trading hours of the Stock Exchange), the Company entered into the Agreement with the Purchaser in relation to the Disposal, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares at the consideration of HK\$33,000,000.

The principal terms of the Agreement are summarized below.

THE AGREEMENT

- Date : 12 July 2018 (after trading hours of the Stock Exchange)
- Parties:
- (1) Purchaser: Mr. Ye JunXiong (葉俊雄), a businessman
 - (2) Vendor: the Company
 - (3) Disposal Company I : China Value Assets Limited
 - (4) Disposal Company II : Merit Development Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party as at the date of this announcement.

Assets to be disposed of

- (a) the Sale Share I, representing the entire issued share capital of the Disposal Company I;
and
- (b) the Sale Share II, representing the entire issued share capital of the Disposal Company II.

Consideration

The total consideration of the Disposal is HK\$33,000,000 (the "**Consideration**"). There is no separate consideration for each of the Disposal Companies.

The Consideration shall be paid by the Purchaser to the Company on Completion.

The Consideration was determined through negotiations between the Vendor and the Purchaser on an arm's length basis having taken into account, inter alia, (i) the financial position of the Disposal Companies as at 31 May 2018 and their business prospect; and (ii) three valuation reports issued by the Valuer in relation to (a) the mining and exploration right owned by PT. Dampar Golden International, (b) the machinery and equipment owned by PT. Dampar Golden International, and (c) the Property.

The Valuer comes to the following opinions:

- (a) the fair value of the mining and exploration right was nil as at 31 May 2018 by reference to both market approach and asset approach;
- (b) the fair value of the machinery and equipment was nil as at 31 May 2018 by adopting the market approach; and
- (c) the market value of the Property as at 31 May 2018 was reasonably determined at the amount of RMB25.1 million (equivalent of approximately HK\$29.9 million) by adopting the direct comparison method.

The Directors are of the view that the terms of the Agreement were concluded after arm's length negotiations under normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional upon the fulfilment of each of the following conditions:

- (a) the transactions contemplated under the Agreement having complied with the Listing Rules and the Company having obtained all approvals, consents, clearances or waivers from the Stock Exchange (if applicable);
- (b) the shareholders of the Disposal Companies having passed the relevant resolutions approving the Agreement and the transactions contemplated thereunder;
- (c) all representations, warranties and undertakings as set out in the Agreement remaining true and accurate, and not misleading, in all material respects; and
- (d) there is no material adverse change in the business or financial condition of each of the Disposal Companies since the date of the Agreement.

The Vendor and the Purchaser shall use their best endeavours to procure the fulfilment of the aforesaid conditions. If any of the aforesaid conditions have not been fulfilled within 3 months from the date of the Agreement (or such other date as the Vendor and the Purchaser may agree), the Agreement shall lapse and be terminated and none of the parties shall have any obligation to each other, save for those arising from any antecedent breach of the Agreement.

Completion

Subject to the terms and conditions of this Agreement, Completion shall take place at the office of the Vendor's lawyer on the Completion Date or such other place as the Vendor and the Purchaser may agree.

If either party cannot complete on the Completion Date, the non-defaulting party (without prejudice to its duties and obligations under the laws or the Agreement) can terminate the Agreement and claim for all losses and damages against the defaulting party for its breach under the Agreement.

INFORMATION ON THE DISPOSAL COMPANIES

The Disposal Company I

The Disposal Company I is a company incorporated under the laws of British Virgin Islands on 12 February 2002 with limited liability and is a direct wholly-owned subsidiary of the Vendor. The Disposal Company I is an investment holding company. The Disposal Company I and its subsidiaries principally engage in the business of property investment and iron ore mining in Indonesia.

The Disposal Company II

The Disposal Company II is a company incorporated under the laws of British Virgin Islands on 2 January 2002 with limited liability and is a direct wholly-owned subsidiary of the Vendor. The Disposal Company II is an investment holding company.

POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

The unaudited consolidated net asset value of the Disposal Companies attributable to the Group as at 31 May 2018 was approximately HK\$30.3 million.

Set out below is the unaudited consolidated results of the Disposal Companies for the years ended 31 March 2017 and 2018 respectively prepared in accordance with the Hong Kong financial reporting standards:

	Loss before taxation		Loss after taxation		Loss after taxation and non-controlling interest	
	For the year ended		For the year ended		For the year ended	
	31 March		31 March		31 March	
	2017	2018	2017	2018	2017	2018
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Disposal Companies	3,800	5,378	3,800	5,378	2,790	4,293

Upon Completion, the Disposal Company I and its subsidiaries and Disposal Company II will cease to be the subsidiaries of the Vendor and their financial results will no longer be consolidated into the financial results of the Group.

The Group expected to record an unaudited gain of approximately HK\$990,000 as a result of the Disposal, which represents the difference between (i) the Consideration; (ii) the sum of the Group's share of the unaudited net asset value of the Disposal Companies as at 31 May 2018 of approximately HK\$30.3 million and (iii) the estimated expenses to be incurred from the Disposal.

The above figures are for illustrative purpose only. The actual gain in connection with the Disposal will be determined based on the net consideration received, the financial position of the Disposal Companies at Completion and subject to the review and final audit by the auditor of the Company.

INFORMATION ON THE COMPANY, REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in water business; property investments; iron ore mining business and securities and other trading business.

As disclosed in the annual results announcement of the Group for the year ended 31 March 2018:

- (a) with respect to the Disposal Company I, in light of the Ministerial Regulation No. 1/2014 promulgated by the Indonesian Government regarding the export restriction on iron sand being in force, the management of the Group had decided to stop the iron sand trading and export business of PT. Dampar Golden International as the purity level of the iron sand did not meet the minimum requirement under relevant Indonesia mining regulation. After dismantling and removal of the processing plants of the warehouse, the management of the Group has been exploring the opportunities to dispose of the plants and inventory. Meanwhile, the Group had ceased all activities of PT. Dampar Golden International except for its office and administration functions;
- (b) with respect to the Disposal Company I, in late 2015, the patisserie coffee shop and the indoor recreation playground business operated in the Property were ceased due to poor performance. The poor performance was partially due to the pressure on Hangzhou's economic growth, which resulted from the state macro control policies on the city's property market.

The Board considers that the Disposal will provide an opportunity for the Group to realise part of its investment in the Disposal Companies, and will allow the Group to focus more resources to pursue other possible business opportunities. The Board is confident that the Disposal will contribute positively to the Group and will generate future benefits for the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal, it is expected that there will be net proceeds of approximately HK\$31 million from the Disposal. It is intended that the net proceeds from the Disposal will be applied as the general working capital of the Group and to finance the investment opportunities as may be identified from time to time.

The Directors are of the view that the Disposal will not have any material adverse impact on the business operations and financial position of the Group.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are less than 5%, the Disposal is exempt from reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WARNING

Completion of the Disposal is subject to the satisfaction and/or waiver of the conditions precedent under the Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement in respect of the Sale Shares entered into between the Vendor, the Purchaser, Disposal Company I and Disposal Company II on 12 July 2018 (after trading hours of the Stock Exchange);
“Board”	the board of the Directors;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are open for business during their normal business hours;
“Company”	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 899);
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms of the Agreement;

“Completion Date”	any Business Day agreed by the Vendor and the Purchaser, which shall be within 7 Business Days immediately after the date on which all the conditions precedent in the Agreement have been fulfilled or waived (or such other date as the Vendor and the Purchaser may agree);
“Consideration”	the aggregate consideration for the sale of the Sale Shares pursuant to the Agreement;
“Director(s)”	the directors of the Company;
“Disposal”	the disposal of the Sale Shares to the Purchaser pursuant to the Agreement;
“Disposal Company I”	China Value Assets Limited, a company incorporated in British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company;
“Disposal Company II”	Merit Development Limited, a company incorporated in British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company;
“Disposal Companies”	collectively Disposal Company I (and all its subsidiaries) and Disposal Company II;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China;
“Property”	Unit 211 of Block 1, No. 30 of Block 2 and car parking spaces Numbers 101 to 113 on Carport Level 2 of basement, Jingjiang Chengshi Huayuan, No. 958 Zhijiang Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC;
“Purchaser”	Mr. Ye JunXiong (葉俊雄), a businessman;
“PT. Dampar Golden International”	PT. Dampar Golden International Ltd. (Indonesia), an indirect 60% non-wholly owned subsidiary of the Group;
“Sale Shares”	collectively, Sale Share I and Sale Share II;
“Sale Share I”	27,900,000 shares in Disposal Company I, representing the entire issued share capital of Disposal Company I, which is legally and beneficially owned and held by and registered in the name of the Company;
“Sale Share II”	one share in Disposal Company II, representing the entire issued share capital of Disposal Company II, which is legally and beneficially owned and held by and registered in the name of the Company;
“Share(s)”	ordinary share(s) in the capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Valuer”	AP Appraisal Limited, an independent Valuer;
“Vendor”	the Company;

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong;
“RMB” Renminbi, the lawful currency of the PRC; and
“%” per cent.

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

Hong Kong, 12 July 2018

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of HK\$1.00 to RMB0.8439. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

As at the date of this announcement, the Board consists of six executive directors, Mr. Li Yuguo, Mr. Huang Yilin, Mr. Chan Shi Yin, Keith, Ms. Guo Yumei, 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.