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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)**

**(1) PROPOSED PLACING OF CONVERTIBLE BONDS  
UNDER SPECIFIC MANDATE; AND  
(2) PROPOSED PLACING OF PROMISSORY NOTES**

**Placing Agent**



**PLACING OF CONVERTIBLE BONDS AND PROMISSORY NOTES**

On 18 December 2012, after trading hours, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to procure, on a best-effort basis, the Placees to subscribe for the Convertible Bonds and the Promissory Notes each up to an aggregate principal amount of US\$30 million (equivalent to approximately HK\$234 million). The Placees shall subscribe for the same amount of the Convertible Bonds and the Promissory Notes at the same time.

Based on the Conversion Price, a maximum number of 754,838,709 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 63.18% of the existing issued share capital of the Company and approximately 38.72% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares shall be issued under a specific mandate to be approved by the Shareholders at the SGM.

Assuming the Convertible Bonds and the Promissory Notes both in the aggregate principal amount of US\$30,000,000, respectively are successfully placed by the Placing Agent, the estimated net proceeds (the "Proceeds") from the Placing will be approximately US\$59,680,000 (equivalent to approximately HK\$465,527,000) in aggregate, which is intended to be used for the payment of part of the consideration for the Very Substantial Acquisition and future operation of coal mines located in Shanxi and as general working capital of the Group upon completion of the Very Substantial Acquisition.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

The Placing is conditional upon, among other things, the passing of the necessary resolution(s) by the Shareholders at the SGM.

A circular containing, among other things, the further details about the Placing and the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

## **PLACING OF CONVERTIBLE BONDS AND PROMISSORY NOTES**

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### **THE PLACING AGREEMENT**

Date: 18 December 2012

Parties: (i) Issuer: the Company  
(ii) Placing Agent: KCG Securities Asia Limited

The Placing Agent has been appointed by the Company to place the Convertible Bonds and the Promissory Notes on a best effort basis and will receive a placing commission of 0.4 per cent of the aggregate principal amount of the Convertible Bonds and the Promissory Notes successfully placed by the Placing Agent to the Placees or its nominees. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent.

The Placing Agent is owned as to 30% by a company which holds the entire interest of Kingsway Capital Limited, the Financial Adviser to City Bloom Limited under the Very Substantial Acquisition and Very Substantial Disposal. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

## **The Placees**

The Placing Agent will place the Convertible Bonds and the Promissory Notes to not less than six Placees (which will be professional, institutional and/or individual investors), each of whom and whose beneficial owners (i) will be an Independent Third Party; and (ii) will not be a connected person of City Bloom Limited and its connected persons including the Guarantor. It is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) of the Company as a result of the Placing.

The Placees shall subscribe for the same amount of the Convertible Bonds and the Promissory Notes at the same time.

## **Conditions of the Placing**

The Placing is conditional upon:

- (a) if required, the Listing Committee having approved the issue of the Convertible Bonds and the Promissory Notes either unconditionally or subject to conditions to which neither the Company nor the subscriber of the Convertible Bonds or the Promissory Notes shall reasonably object and the satisfaction of such conditions;
- (b) the Listing Committee having granted the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds;
- (c) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and other applicable regulations of resolutions to approve the Placing Agreement and the transactions contemplated thereunder, including the Placing and the issue of the Convertible Bond(s) and the Promissory Notes and the issue and allotment of the Conversion Shares under a specific mandate;
- (d) the Very Substantial Acquisition, the Very Substantial Disposal, the Subscription and the associated transactions, as set out in the October Announcement, having been completed;
- (e) the warranties of the Company set forth in the Placing Agreement in the opinion of the Placing Agent remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the Placing Agreement and at Completion;
- (f) the Placing Agent in its opinion being satisfied with its business, technical, legal and financial due diligent investigation with respect to the Group for the purpose of Completion;
- (g) the Placing Agent having received a Hong Kong legal opinion on the Company addressing the matters set forth in the Placing Agreement;
- (h) if required, the Bermuda Monetary Authority granting its permission for the issue of the Convertible Bond(s), the Promissory Notes and the issue and allotment of the Conversion Shares;

- (i) the Guarantor having executed and delivered to the Placing Agent or the Placee the Personal Guarantees and the Mortgages on Shares and CB under seal, lodged all relevant documents for registration in relation to the Mortgages on Shares and CB under the laws of Bermuda and Hong Kong and delivered to the Placing Agent or the Placees a legal opinion confirming the due execution of the Mortgages on Shares and CB by the Guarantor issued by lawyers qualified to the practise laws of Bermuda and Hong Kong in relation to the Mortgages on Shares and CB; and
- (j) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

The Placing Agent may at its absolute discretion at any time waive in writing any of the above conditions in (e), (f), (g) and (i) above and such waiver may be made subject to such reasonable terms and conditions as are determined by the Placing Agent. If the conditions are not fulfilled (or waived by the Placing Agent) on or before the Long Stop Date (or such later date as may be agreed between the Company and the Placing Agent in writing), the Placing Agreement shall terminate and neither the Company nor the Placing Agent shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement). The Placing Agent shall provide to the Company all information concerning itself and the Placees as the Stock Exchange may reasonably require.

#### **Termination and force majeure for the Placing**

The Placing Agent shall be entitled by notice to the Company given prior to 10:00 a.m. on the Business Day preceding the relevant date of Completion to terminate the Placing Agreement if:

- (a) there develops, occurs or comes into force:
  - (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the reasonable opinion of the Placing Agent would materially adversely affect the success of the Placing; or
  - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the reasonable opinion of the Placing Agent, would materially adversely affect the success of the Placing; or
  - (iii) any material adverse change in conditions of local, national or international securities markets occurs which in the reasonable opinion of the Placing Agent would materially and adversely affect the success of the Placing; or

- (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the reasonable opinion of the Placing Agent any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
  - (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere and if in the reasonable opinion of the Placing Agent, any such change or development would materially adversely affect the success of the Placing; or
  - (vi) any new litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the reasonable opinion of the Placing Agent would materially and adversely affect the success of the Placing (other than the litigation matter as announced by the Company in its announcement dated 27 August 2012 and other ancillary claim(s) in association therewith); or
- (b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (c) there is any adverse change in the financial position of the Company which is material in the context of the Placing; or
- (d) there is any adverse change in market conditions occurs which makes it inexpedient or inadvisable to proceed with the placing of the Convertible Bonds and the Promissory Notes or any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than thirty (30) consecutive Business Days, excluding any suspension in connection with the clearance of this announcement, the circular or other documents in connection with the placing of the Convertible Bonds and the Promissory Notes.

### **Completion of the Placing**

Completion of the Placing Agreement shall take place on the fifth Business Day following the date on which the conditions of the Placing Agreement are fulfilled or on such other date as the Company and the Placing Agent shall agree.

## Principal Terms of the Convertible Bonds

The following are the principal terms of the Convertible Bonds:

Issuer of the Convertible Bonds	:	The Company
Aggregate principal amount	:	Up to US\$30,000,000
Maturity	:	36 months from the date of issue of the Convertible Bonds.
Placing price	:	The Convertible Bonds will be issued at 100% of their principal amount.
Redemption at maturity	:	Unless previously redeemed, converted or purchased or cancelled, the Company will redeem all outstanding Convertible Bonds on the CB Maturity Date plus any accrued but unpaid interest.
Conversion Price	:	HK\$0.31 per Conversion Share.

The Conversion Shares shall be issued under a specific mandate to be approved by the Shareholders at the SGM.

The Conversion Price of HK\$0.31 represents:

- (i) the closing price of HK\$0.31 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.82% to the average closing price of HK\$0.319 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement; and
- (iii) a discount of approximately 1.90% to the average of the closing prices of the Shares of HK\$0.316 per Share for the ten consecutive trading days up to and including the Last Trading Date.

The Conversion Price is subject to adjustments upon the occurrence of, among other matters, subdivision or consolidation of Shares, capitalization issues, rights issues and other dilutive events. Such adjustments shall be certified either (at the option of the Company) by the auditors of the Company for the time being or by an approved merchant bank in accordance with the terms and conditions of the Convertible Bonds. No adjustment is needed upon the completion of the Very Substantial Acquisition, Very Substantial Disposal and the Subscription.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent.

Interest : 8.0% per annum on the outstanding aggregate principal amount of the Convertible Bonds, payable semi-annually commencing from the CB Issue Date up to (and including) the CB Maturity Date. All accrued interest shall be payable in the event of redemption or conversion.

Unless previously redeemed, converted or purchased or cancelled, the Company shall redeem the outstanding Convertible Bonds on the CB Maturity Date at an amount equal to one hundred per cent (100%) of the principal amount of the Convertible Bonds so redeemed, plus an amount that would yield a return of twelve per cent per annum (12% p.a.) on the outstanding portion thereon calculated from the CB Issue Date up to (and including) the CB Maturity Date and which shall include all interests (other than default interest) previously paid to the investors.

Conversion right : The Convertible Bonds are convertible in whole or in part by the Bondholders into Conversion Shares at the Conversion Price at any time during the conversion period (as stated below).



- Conversion period : Provided that the exercise of the conversion rights attached to the Convertible Bonds (i) by the holder thereof and its respective parties acting in concert does not trigger a mandatory offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the holder thereof and its parties acting in concert; and (ii) by the holder thereof and its associates will not render Shares held in public hands being less than the minimum public float of the Shares required under the Listing Rules (i.e. 25% of the issued share capital of the Company), holder(s) of the Convertible Bonds shall have the right to convert, at any time during the period commencing from the date of issue the Convertible Bonds until the fifth Business Day before the maturity date of the Convertible Bonds, the whole or part in integral multiples of US\$500,000 of the outstanding principal amount of the Convertible Bonds.
- Ranking of the Conversion Shares : The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all other Shares in issue as at the date of conversion on which a notice is given for the exercise of conversion rights and be entitled to all dividends and other distributions the record date of which falls on a date on or after the notice of the exercise of conversion right is given.
- Voting : The holder(s) of the Convertible Bonds will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only it/they being the holder(s) of the Convertible Bonds.
- Transferability : The Convertible Bonds may be transferred other than to connected persons of the Company or parties acting in concert with the holder(s) of the Convertible Bonds. Any transfer of the Convertible Bonds shall be in respect of the whole or part only in integral multiples of US\$500,000 of the outstanding principal amount of the Convertible Bonds.



- Early redemption : After 12 months from the date of issue of the Convertible Bonds, the Convertible Bonds may be redeemed in whole or in part, subject to the prior written consent of the Bondholder(s), at any time and from time to time prior to the maturity date of the Convertible Bonds. The Company shall redeem the amount equal to one hundred per cent (100%) of the principal amount of the Convertible Bonds as agreed with the Bondholder(s), plus an amount that would yield a return of eight per cent per annum (8% p.a.) on the redeemed portion thereon calculated from the CB Issue Date up to (and including) the date the Convertible Bonds are redeemed and which shall include all interests (other than default interest) previously paid to the investors. Each redemption shall be in integral multiples of US\$500,000 at the same time.
- Listing : No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
- Events of default : The Convertible Bonds will contain events of default provisions which provide that on the occurrence of certain events of default specified in the Convertible Bonds, each of the Bondholders shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Convertible Bonds, plus an amount that would yield the IRR on the outstanding portion thereon calculated from the CB Issue Date up to (and including) the actual date of payment (for the avoidance of doubt all interest previously paid to the Bondholders shall be included for the calculation of the IRR).
- Security : The Convertible Bonds will be secured by the Mortgages on Shares and CB and Personal Guarantee.

There is no restriction on sales of the Conversion Shares by the Bondholders.

## **Principal Terms of the Promissory Notes**

The following are the principal terms of the Promissory Notes:

- |                                |   |   |
|--------------------------------|---|---|
| Issuer of the Promissory Notes | : | The Company   |
| Aggregate principal amount     | : | Up to US\$30,000,000  |
| Maturity                       | : | 36 months from the date of issue of the Promissory Notes.   |
| Placing price                  | : | The Promissory Notes will be issued at 100% of their principal amount.  |
| Redemption at maturity         | : | Unless previously redeemed or purchased or cancelled, the Company will redeem all outstanding Promissory Notes on the PN Maturity Date plus any accrued but unpaid interest.  |
| Interest                       | : | 12.0% per annum on the outstanding aggregate principal amount of the Promissory Notes, payable semi-annually commencing from the PN Issue Date up to (and including) the PN Maturity Date. All accrued interest shall be payable in the event of redemption.  |
| Transferability                | : | The Promissory Notes may be transferred other than to connected persons of the Company or parties acting in concert with the holder(s) of the Convertible Bonds. Any transfer of the Promissory Notes shall be in respect of the whole or part only in integral multiples of US\$500,000 of the outstanding principal amount of the Promissory Notes. |

- Early redemption : after 12 months from the date of issue of the Promissory Notes, subject to the prior written consent of the Noteholder(s), the Promissory Notes may be redeemed in whole or in part at any time and from time to time at the option of the Company prior to the maturity date of the Promissory Notes. The Company shall redeem the amount equal to one hundred per cent (100%) of the principal amount of the Promissory Notes as agreed with the Noteholder(s), plus an amount that would yield a return of twelve per cent per annum (12% p.a.) on the redeemed portion thereon calculated from the PN Issue Date up to (and including) the date the Promissory Notes is/are redeemed and which shall include all interests (other than default interest) previously paid to the investors. Each redemption shall be in integral multiples of US\$500,000 at the same time.
- Listing : No application will be made for the listing of, or permission to deal in, the Promissory Notes on the Stock Exchange or any other stock exchange.
- Events of default : The Promissory Notes will contain events of default provisions which provide that on the occurrence of certain events of default specified in the Promissory Notes, each of the Noteholders shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Promissory Notes, plus an amount that would yield the IRR on the outstanding portion only thereon calculated from the PN Issue Date up to (and including) the actual date of payment (for the avoidance of doubt all interest previously paid to the Noteholders shall be included for the calculation of the IRR).
- Security : The Promissory Notes will be secured by the Mortgages on Shares and CB and Personal Guarantee

## **REASONS FOR THE PLACING OF CONVERTIBLE BONDS AND PROMISSORY NOTES**

The Group is principally engaged in the distribution of information technology products, mining operation, trading of iron and alluvial gold and coal trading and logistics.

Reference is made to the October Announcement, in which the Company announced the entering into of the relevant agreements in relation to, among others, the acquisition of certain coal mines in Shanxi and as such, the Directors consider that the issue of the Convertible Bonds and the Promissory Notes will provide the Company with additional funding for the operation of the coal mines after the completion of the Very Substantial Acquisition and without having an immediate dilution effect on the shareholding of the existing Shareholders. Further, if the conversion rights attaching to the Convertible Bonds are exercised, the capital base of the Company shall be broadened.

Accordingly, the Directors (including the independent non-executive Directors) consider that (i) the Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company and each of the Placees and the Placing Agent; (ii) the terms and conditions of the Placing Agreement are fair and reasonable; and (iii) the Placing are in the interest of the Company and the Shareholders as a whole.

Assuming the Convertible Bonds and the Promissory Notes both in the aggregate principal amount of US\$30,000,000, respectively are successfully placed by the Placing Agent, the Proceeds from the Placing will be approximately US\$59,680,000 (equivalent to approximately HK\$465,527,000) in aggregate, which is intended to be used for the payment of part of the consideration for the Very Substantial Acquisition and future operation of coal mines located in Shanxi as announced in the October Announcement and as general working capital of the Group upon completion of the Very Substantial Acquisition.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save as the Subscription disclosed in the October Announcement, completion of which is subject to, among other things, the approval of the Shareholders at the special general meeting to be convened, the Group has not conducted any fund raising activity for the twelve months immediately preceding the date of this announcement.

## SHAREHOLDING STRUCTURE

The following table sets out, for illustrative purpose only, the effects of the Placing on the shareholding structure of the Company:

Shareholders	(i) As at the date of this announcement		(ii) Immediately after full conversion of the Convertible Bonds at the conversion price of HK\$0.31 (without taking into consideration the convertible shares to be allotted and issued under the Very Substantial Acquisition, Very Substantial Disposal and Subscription)		(iii) Immediately after the conversion of all CPS and convertible bonds of the Company (assuming completion of the Very Substantial Acquisition, the Very Substantial Disposal and the Subscription and the Placing)	
	Shares	%	Shares	%	Shares	%
Mountain Sky Resources (Mongolia) Limited (“ <b>Mountain Sky</b> ”)	155,350,000	13.00%	155,350,000	7.97%	–	0.00%
Ultra Asset International Limited (“ <b>Ultra Asset</b> ”)	180,547,273	15.11%	180,547,273	9.26%	418,615,909	1.55%
Get Best Management Ltd (“ <b>Get Best</b> ”)	56,818,181	4.76%	56,818,181	2.91%	227,272,727	0.84%
Business Ally Investment Limited (“ <b>Business Ally</b> ”)	–	0.00%	–	0.00%	1,512,125,610	5.49%
City Bloom Limited (“ <b>City Bloom</b> ”)	–	0.00%	–	0.00%	23,402,193,943	86.38%
Directors and directors of the subsidiaries of the Group	12,370,820	1.04%	12,370,820	0.63%	12,370,820	0.05%
Placees	–	0.00%	754,838,709	38.72%	754,838,709	2.79%
Other public Shareholders	789,739,485	66.10%	789,739,485	40.51%	789,739,485	2.91%
<b>Total</b>	<b>1,194,825,759</b>	<b>100.00%</b>	<b>1,949,664,468</b>	<b>100.00%</b>	<b>27,117,157,204</b>	<b>100.00%</b>

### Notes:

- Assuming no conversion of the convertible bonds issued by the Company to Business Ally with aggregate outstanding principal amount of US\$30,000,000 pursuant to the Subscription Agreement (“**US\$30M CB**”) by Business Ally before completion.
- As at the date of this announcement, Ultra Asset and Get Best held 358,500,400 CPS and 150,000,000 CPS, respectively which are respectively convertible into 438,068,636 Shares and 170,454,545 Shares. Upon completion of the Very Substantial Acquisition, Very Substantial Disposal and Subscription Agreement and the associated transactions, Ultra Asset will convert a portion of the CPS held by it into 19,452,727 Shares and transfer in total 200 million Shares to Business Ally.

3. For illustration purpose only, the figure represents the sum of (i) 200,000,000 Shares to be transferred to Business Ally by Ultra Asset; (ii) 857,512,699 Shares, being the maximum number of new ordinary Share(s) (“**Subscription Ordinary Shares**”) and new convertible preference shares (“**Subscription CPS**”) to be allotted and issued by the Company under the Subscription Agreement, which is calculated by dividing the sum of US\$15 million (being part of outstanding principal amount of the US\$30M CB to be capitalised under the Subscription Agreement), and US\$4,337,666 (being the additional interest rate of 8% per annum assuming the completion date is on 31 March 2013), by the issue price of HK\$0.17 per Subscription Ordinary Share and Subscription CPS; and (iii) 430,555,555 Shares to be issued upon conversion of the non-capitalised portion of the US\$30M CB with outstanding principal amount of US\$15 million immediately after completion at the conversion price of HK\$0.27 per Share.
4. For illustration purpose only, the figure represents the sum of (i) 21,541,176,471 Shares, being the maximum consideration shares to be issued for the Very Substantial Acquisition, which is calculated by dividing the remaining balance of the consideration of the Very Substantial Acquisition after deducting (a) the settlement of HK\$600 million under the conditional agreement dated 12 June 2012 (as amended and supplemented by the supplemental letters dated 12 July 2012, 27 July 2012 and 26 September 2012) entered into between City Bloom and Mountain Sky (“**Mountain Sky Agreement**”); and (b) the cash payment or issue of the promissory note of HK\$400 million, i.e. HK\$3,662,000,000 by the issue price of HK\$0.17 per consideration share, and assuming no consideration bond is issued; (ii) 155,350,000 Shares to be transferred under the Mountain Sky Agreement; and (iii) 1,705,667,472 Shares to be issued upon the conversion of the 1,500,987,376 CPS to be transferred under the Mountain Sky Agreement.

## **IMPLICATION UNDER THE LISTING RULES**

The Board proposed to seek the approval from the Shareholders at the SGM in respect of the Placing Agreement, including the grant of a specific mandate to issue the Conversion Shares, and the transactions contemplated thereunder. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Placing is conditional upon, among other things, the passing of the necessary resolution(s) by the Shareholders at the SGM.

To the best information, knowledge and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, none of the Director or major Shareholder has any material interest in the Placing Agreement and shall be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Placing Agreement, including the grant of a specific mandate to issue the Conversion Shares, and the respective transactions contemplated thereunder.

A circular containing, among other things, the further details about the Placing and the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

**The Placing Agreement may be terminated under certain circumstances and is subject to the satisfaction of the conditions precedent contained therein. As the Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of the Directors
“Bondholder(s)”	holder(s) of the Convertible Bond(s)
“Business Day”	a day (excluding a Saturday, Sunday or public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CB Instrument”	the instrument under and pursuant to which the Convertible Bonds shall be created and issued by the Company, which sets out the rights and obligations of the Company and the Bondholders
“CB Issue Date”	the date on which the Convertible Bonds are issued by the Company to the Placees under the Placing Agreement
“CB Maturity Date”	the date falling upon the expiry of three (3) years from the date on which the Convertible Bonds is first issued or if such date is not a Business Day, the immediate preceding Business Day
“Company”	North Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the initial conversion price of the Convertible Bonds of HK\$0.31 per Conversion Share



“Conversion Share(s)”	a maximum of 754,838,709 new Shares to be issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bonds, based on the Conversion Price
“Convertible Bonds”	the series of secured redeemable convertible bond(s) of up to an aggregated principal amount of US\$30,000,000 (equivalent to approximately HK\$234,000,000) to be issued by the Company to the Placées pursuant to the Placing Agreement
“CPS”	the convertible preference shares of the Company
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Zhang San Huo or such person/company nominated by him. Mr. Zhang is currently indirectly holding 70% of the equity interest in City Bloom Limited, which is the vendor of the Very Substantial Acquisition. Mr. Zhang is also the proposed director of the Company upon completion of the Very Substantial Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	independent third party (parties) who is (are) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) and not deemed to be parties acting in concert with each other
“IRR”	a compounded, cumulative internal rate of return of 18%, calculated at the designated annual discount rate, which, when applied to any amount, and discounted annually, produces a net present value of such amount equal to zero
“Last Trading Day”	18 December 2012 (being the date of the Placing Agreement and the last trading day immediately prior to the publish of this announcement)

“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2013 (or such later date as may be agreed between the Company and the Placing Agent), being the long stop date for the fulfilment or waiver (as the case may be) of the conditions as set out in the Placing Agreement or, if such date is not a Business Day, the immediate preceding Business Day
“Mortgage(s) on Shares and CB”	the mortgage(s) to be executed by the Guarantor (as the mortgagor) in favour of the Placees (as the mortgagee) over certain number of the Shares and/or convertible bonds issued by the Company and held by the Guarantor, the number of the Shares and/or the convertible bonds subject to the Mortgage on Shares and Convertible Bonds shall have a market value which shall be equivalent to 3 times of the Placing Amount (based on the volume average price of the Shares quoted on the Stock Exchange for the last 5 trading days prior to the date of the Placing Agreement)
“Noteholder(s)”	holder(s) of the Promissory Note(s)
“October Announcement”	the announcement of the Company dated 8 October 2012 in relation to, among others, the Very Substantial Acquisition, Very Substantial Disposal and the Subscription
“Personal Guarantee”	the personal guarantee(s) to be executed by the Guarantor (as the guarantor) in favour of the Placees to guarantee the obligations of the Company under the CB Instrument and the PN Instrument
“Placees”	placee(s) who are Independent Third Parties procured or to be procured by the Placing Agent to subscribe for or purchase the Convertible Bonds and the Promissory Notes pursuant to the provisions of the Placing Agreement

“Placing”	the placing of the Convertible Bonds and the Promissory Notes by the Placing Agent to the Placees pursuant to the Placing Agreement
“Placing Agent”	KCG Securities Asia Limited, a company incorporated in Hong Kong and a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Amount”	the aggregate amount of the Convertible Bonds and the Promissory Notes payable by the Placees to the Company
“Placing Agreement”	the placing agreement dated 18 December 2012 entered into between the Placing Agent and the Company in relation to private placing of the Convertible Bonds and the Promissory Notes each in the aggregate principal amount of up to US\$30,000,000
“PN Instrument”	the instrument under and pursuant to which the Promissory Note shall be created and issued by the Company, which sets out the rights and obligations of the Company and the Noteholders
“PN Issue Date”	the date on which the Promissory Notes are issued by the Company to the Placees under the Placing Agreement
“PN Maturity Date”	the date falling upon the expiry of three (3) years from the date on which the Promissory Notes is first issued or if such date is not a Business Day, the immediate preceding Business Day
“Promissory Notes”	the promissory notes up to an aggregated principal amount of US\$30,000,000 (equivalent to approximately HK\$234,000,000) to be issued by the Company to the Placees pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

“SGM”	a special general meeting of the Company to be held to consider and, if appropriate, to approve the Placing Agreement and the transactions contemplated therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of Shares in the Company by Business Ally Investments Limited, details of which are set out in the October Announcement
“US”	United States of America
“US\$”	US dollar, the lawful currency of the US
“Very Substantial Acquisition”	the acquisition of the entire issued share capital of Lexing Holdings Limited by Guang Cheng Group Limited, a wholly-owned subsidiary of the Company, details of which are set out in the October Announcement
“Very Substantial Disposal”	the disposal of the entire issued share capital of North Asia Resources Group Limited (“NARG”), the entire issued share capital of Good Loyal Group Limited (“GLG”), and all obligations, liabilities and debts owing or incurred by NARG and GLG to the Group, by the Company, details of which are set out in the October Announcement
“%”	per cent.

*For the purpose of illustration only and unless otherwise specified in this announcement, amounts denominated in US\$ have been translated into HK\$ at the rate of US\$1.00 = HK\$7.80. No representation is made that the US\$ amounts could have been, or could be, converted into HK\$ at such rates or at any other rate on such date or on any other date.*

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

Hong Kong, 18 December 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*