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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ACQUISITION OF 51% ISSUED SHARE CAPITAL OF
ASIA FORESTRY GROUP COMPANY LIMITED
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE
AND
RESUMPTION OF TRADING**

THE ACQUISITION AGREEMENT

On 9 September 2016, the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendor and the Guarantors entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sales Shares, which represent 51% issued share capital of the Target, at a consideration of HK\$580,000,000 (subject to adjustment).

The Consideration shall be satisfied by the Purchaser to the Vendor as to HK\$10,000,000 in cash, as to HK\$130,000,000 by issuing six-month interest-free Promissory Notes in the principal amount of HK\$130,000,000, and as to a maximum of HK\$440,000,000 by allotment and issuance of 11,000,000,000 Consideration Shares, to be credited as fully paid, at the issue price of HK\$0.04 per Consideration Share. The Consideration Shares will be allotted and issued under the general mandate of the Company. The maximum

of 11,000,000,000 Consideration Shares, when allotted and issued, will represent (i) approximately 18.75% of the existing issued Shares as at the date of this announcement; and (ii) approximately 15.79% of the issued Shares as enlarged by the allotment and issuance of the Consideration Shares. Out of 11,000,000,000 Consideration Shares, the allotment and issuance of 5,800,000,000 Consideration Shares to the Vendor is subject to, among others, the fulfilment of the Accumulated Target Profit (being not less than HK\$625 million for the period from 1 October 2016 to 31 December 2018 assuming Completion takes place on 1 October 2016), details of which are described in the paragraph headed “Adjustments to Consideration and Consideration Shares” below.

The Target Group is principally engaged in (i) agricultural and forestry plantation; (ii) agricultural and forestry products processing; and (iii) investment, development, management and consulting of agricultural and forestry projects in Hainan Province, the PRC and Mondulhiri Province, Cambodia. Upon Completion, the Target will become an indirect non-wholly owned subsidiary of the Company and the financial statements of the Target Group will be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, which is subject to the reporting and announcement requirements.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Friday, 9 September 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 12 September 2016.

INTRODUCTION

On 9 September 2016, the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendor and the Guarantors entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sales Shares, which represent 51% issued share capital of the Target, at a consideration of HK\$580,000,000(subject to adjustment). Details of the Acquisition Agreement are set out below.

THE ACQUISITION AGREEMENT

Date

9 September 2016

Parties

- (i) Guang Cheng Group Limited, a direct wholly-owned subsidiary of the Company, as the Purchaser;
- (ii) Hill Main Limited, as the Vendor; and
- (iii) Ms. Rayn Li and Mr. Liu Wei, being the Guarantors to guarantee the due performance of the obligations of the Vendor under the Acquisition Agreement.

The Vendor is principally engaged in investment holding and is beneficially owned by Ms. Rayn Li. Mr. Liu Wei is one of the directors of the Target. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) the Vendor; (ii) the ultimate beneficial owner of the Vendor (being Ms. Rayn Li); and (iii) Mr. Liu Wei are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares. The Sale Shares, representing 51% issued share capital of the Target, will be sold free from all encumbrances and together with all rights attaching thereto from Completion, including any dividend or other distribution declared, made or paid after Completion.

Consideration

The Consideration of HK\$580,000,000 shall be payable by the Purchaser to the Vendor or its nominee(s) in the following manner:

- (i) the first instalment in the amount of HK\$338,000,000 shall be payable at Completion, which shall be satisfied as to (a) HK\$130,000,000 by issuing six-month interest-free promissory notes in the principal amount of HK\$130,000,000; and (b) HK\$208,000,000 by way of allotment and issuance of 5,200,000,000 Consideration Shares (subject to lock-up period) by the Company, to be credited as fully paid, at the issue price of HK\$0.04 per Consideration Share;
- (ii) the second instalment in the amount of HK\$10,000,000 shall be payable in cash within 10 Business Days after Completion; and

- (iii) the third instalment in the amount of HK\$232,000,000 shall be satisfied by allotment and issuance of 5,800,000,000 Consideration Shares by the Company (subject to the adjustments mechanism as described in the paragraph headed “Adjustments to Consideration and Consideration Shares” below), to be credited as fully paid, at the issue price of HK\$0.04 per Consideration Share within seven Business Days following the issuance of a certificate by the Company, which confirms that the Accumulated Qualified Profit of the Target Group is not less than the Accumulated Target Profit during the period from the Completion Date to 31 December 2018.

The cash consideration payable of HK\$10,000,000 will be funded by internal resources of the Company.

Adjustments to Consideration and Consideration Shares

The allotment and issuance of 5,800,000,000 Consideration Shares by the Company as the third instalment of the Consideration will be adjusted if the Accumulated Qualified Profit of the Target Group, being the consolidated net profits after tax of the Target Group during the period from Completion Date to 31 December 2018 (after excluding any change in valuation of biological assets and non-recurring income, such as tax rebates, grants, subsidies, compensation, bad debts recovered, waivers of debts and interest income, etc.), is less than the Accumulated Target Profit. The Accumulated Target Profit comprises the 2016 Target Profit, the 2017 Target Profit and the 2018 Target Profit, details of which are described below:

- (i) the 2016 Target Profit, financial period of which shall cover from the Completion Date to 31 December 2016 and amount of which shall be calculated based on the following formula:

$$\text{2016 Target Profit} = \frac{\text{the number of days between the Completion Date and 31 December 2016}}{\text{the number of days between 1 October 2016 and 31 December 2016}} \times \text{HK\$15,000,000}$$

- (ii) the 2017 Target Profit, being HK\$250,000,000 for the financial year ending 31 December 2017; and
- (iii) the 2018 Target Profit, being HK\$360,000,000 for the financial year ending 31 December 2018.

If the 2016 Target Profit or/and the 2017 Target Profit has not been fulfilled, the shortfall of the Qualified Profit achieved for the Relevant Financial Period from the corresponding Target Profit will be added to the Target Profit to be achieved in the following year.

For the purpose of determining the Qualified Profit from the Completion Date to 31 December 2016, and for each of the financial years ending 31 December 2017 and 2018, the Purchaser and the Vendor shall procure the auditors to provide them the audited financial statements of the Target Group for the Relevant Financial Period prepared in accordance with the Hong Kong Financial Reporting Standards within six months after the end of respective financial period/year. A certificate showing the amount of the Accumulated Qualified Profit during the period from the Completion Date to 31 December 2018 will be issued by the Company on or before 30 June 2019.

The Consideration and the Consideration Shares to be allotted and issued by the Company as the third instalment of the Consideration will be adjusted in accordance with the following:

- (i) in the event that the Accumulated Qualified Profit is less than 50% of the Accumulated Target Profit, the Company is not required to issue any Consideration Shares under the third instalment of the Consideration to the Vendor or its nominees;
- (ii) in the event that the Accumulated Qualified Profit is 50% or more but less than 100% of the Accumulated Target Profit, the Consideration Shares to be allotted and issued by the Company as the third instalment of the Consideration will be adjusted based on the following formula:

$$\begin{array}{l} \text{Adjusted number of} \\ \text{the Consideration} \\ \text{Shares to be issued} \end{array} = 5,800,000,000 \times \frac{\text{the Accumulated Qualified Profit}}{\text{the Accumulated Target Profit}}$$

- (iii) in the event that the Accumulated Target Profit has been achieved, 5,800,000,000 Consideration Shares under the third instalment of the Consideration will be allotted and issued by the Company to the Vendor or its nominees.

The allotment and issuance of the Consideration Shares (if any) by the Company to the Vendor or its nominee(s) as the third instalment of the Consideration shall take place within seven Business Days after the issuance of the abovementioned certificate.

Promissory Notes

The principal terms of the Promissory Notes are as follows:

Issuer:	the Company
Noteholders:	the Vendor or its nominee(s)
Principal amount:	HK\$130,000,000 in aggregate
Issue date:	the Completion Date
Interest:	Nil
Maturity:	six months after the issue of the Promissory Notes
Transferability:	the holder(s) of Promissory Notes may transfer the Promissory Notes to any person(s)
Early repayment:	the Company may repay all or part of the outstanding principal amount at any time after the date of issue and before the maturity date of the Promissory Notes

Consideration Shares

Pursuant to the terms of Acquisition Agreement, a maximum of 11,000,000,000 Consideration Shares will be allotted and issued at the issue price of HK\$0.04 per Consideration Share. The issue price of HK\$0.04 per Consideration Share represents:

- (i) a discount of approximately 2.4% to the closing price of HK\$0.041 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 2.4% to the average of the closing prices as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$0.041 per Share.

The issue price of HK\$0.04 per Consideration Share was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to the recent market price of the Shares.

The maximum of 11,000,000,000 Consideration Shares, when allotted and issued, will represent (i) approximately 18.75% of the existing issued Shares as at the date of this announcement; and (ii) approximately 15.79% of the issued Shares as enlarged by the allotment and issuance of the Consideration Shares.

The Consideration Shares will be allotted and issued under the general mandate of the Company and will rank pari passu in all respects with the existing Shares then in issue. As at the date of this announcement, the general mandate of the Company granted at the annual general meeting of the Company dated 23 May 2016 has not been utilised and the number of new Shares that could be allotted and issued by the Company under such general mandate is 11,732,672,681 Shares. The maximum of 11,000,000,000 Shares, when allotted and issued, will utilise approximately 93.76% of the general mandate of the Company currently available.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Pursuant to the Acquisition Agreement, the 5,200,000,000 Consideration Shares to be allotted and issued under the first instalment of the Consideration are subject to lock-up period commencing from the Completion Date, of which 2,600,000,000 Consideration Shares for a period of twelve (12) months and the other 2,600,000,000 Consideration Shares for a period of twenty-four (24) months. The Consideration Shares to be allotted and issued under the third instalment of the Consideration are not subject to any lock-up period.

Conditions precedent

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (i) the Target having obtained all necessary consents, authorisations and approvals in respect of the sale and purchase of the Sales Shares;
- (ii) the Purchaser having obtained all necessary consents, authorisations and approvals in respect of the sale and purchase of the Sales Shares;
- (iii) there being no situation, facts or circumstances which constitute or may constitute any breach of warranties or other provisions relating to the Vendor under the Acquisition Agreement;
- (iv) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;
- (v) the Purchaser having obtained a legal opinion issued by a firm of PRC lawyers appointed by the Purchaser in respect of the due incorporation and valid existence of the PRC companies of the Target Group and the Acquisition Agreement in such form and substance satisfactory to the Purchaser;
- (vi) the Purchaser having obtained a legal opinion issued by a firm of Cambodian lawyers appointed by the Purchaser in respect of the incorporation and valid existence of the Cambodian companies of the Target Group and the Acquisition Agreement (including but not limited to the validity existence and the continual operation of the economic land concession with a total area of 199,999 hectares) in such form and substance satisfactory to the Purchaser;

- (vii) the Purchaser being satisfied with the results of the due diligence review on the assets, liabilities, operations and affairs of the Target Group to be carried out by the Purchaser;
- (viii) the licenses, the government approvals and/or the contracts signed by the relevant governmental department(s) being continue to be valid and in compliance;
- (ix) the completion of the Target Group Reorganisation and the Purchaser having obtained legal opinion(s) issued by lawyers in relevant jurisdictions in respect of the due completion of the Target Group Reorganisation in such form and substance satisfactory to the Purchaser; and
- (x) the Purchaser having obtained the Target Group's financial information (which have been reviewed by auditors) showing that (a) the consolidated total assets (including property, plant and equipment, biological assets and land) are not less than RMB1,050 million; and (b) the consolidated total liabilities are not more than RMB500 million.

The Purchaser may in its absolute discretion at any time waive the conditions set out in (iii), (v), (vi), (vii), (viii), (ix) and (x) above by notice in writing to the Vendor. No other conditions may be waived by any parties to the Acquisition Agreement.

If any of the above conditions have not been fulfilled or waived by the Purchaser (as the case may be) on or before 30 November 2016 (or such later date as agreed by the parties to the Acquisition Agreement in writing), the Acquisition Agreement shall cease and determine and no party to the Acquisition Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Acquisition Agreement.

Completion

Completion shall take place within three Business Days after all the conditions precedent under the Acquisition Agreement having been fulfilled or waived (as the case may be) by the Purchaser (or such other date as agreed by the parties to the Acquisition Agreement).

Upon Completion, the Target will become an indirect non-wholly owned subsidiary of the Company and the financial statements of the Target Group will be consolidated into the financial statements of the Company.

After Completion, the Vendor will use its best endeavour to procure the remaining 49% shareholders of the Target to grant a pre-emptive right to the Purchaser, pursuant to which the Purchaser, within 3 years from the Completion Date, has the right to require the other shareholders of the Target to sell to the Purchaser the shares of the Target at a price to be determined with reference to an valuation mutually agreed by both parties. Such valuation should be less than price-to-earnings ratio of 8 times of the Target Group's audited operating profit for the year ending 31 December 2017 (excluding any change in valuation of biological assets and non-recurring income, such as tax rebates, grants, subsidies, compensation, bad debts recovered, waivers of debts and interest income, etc.).

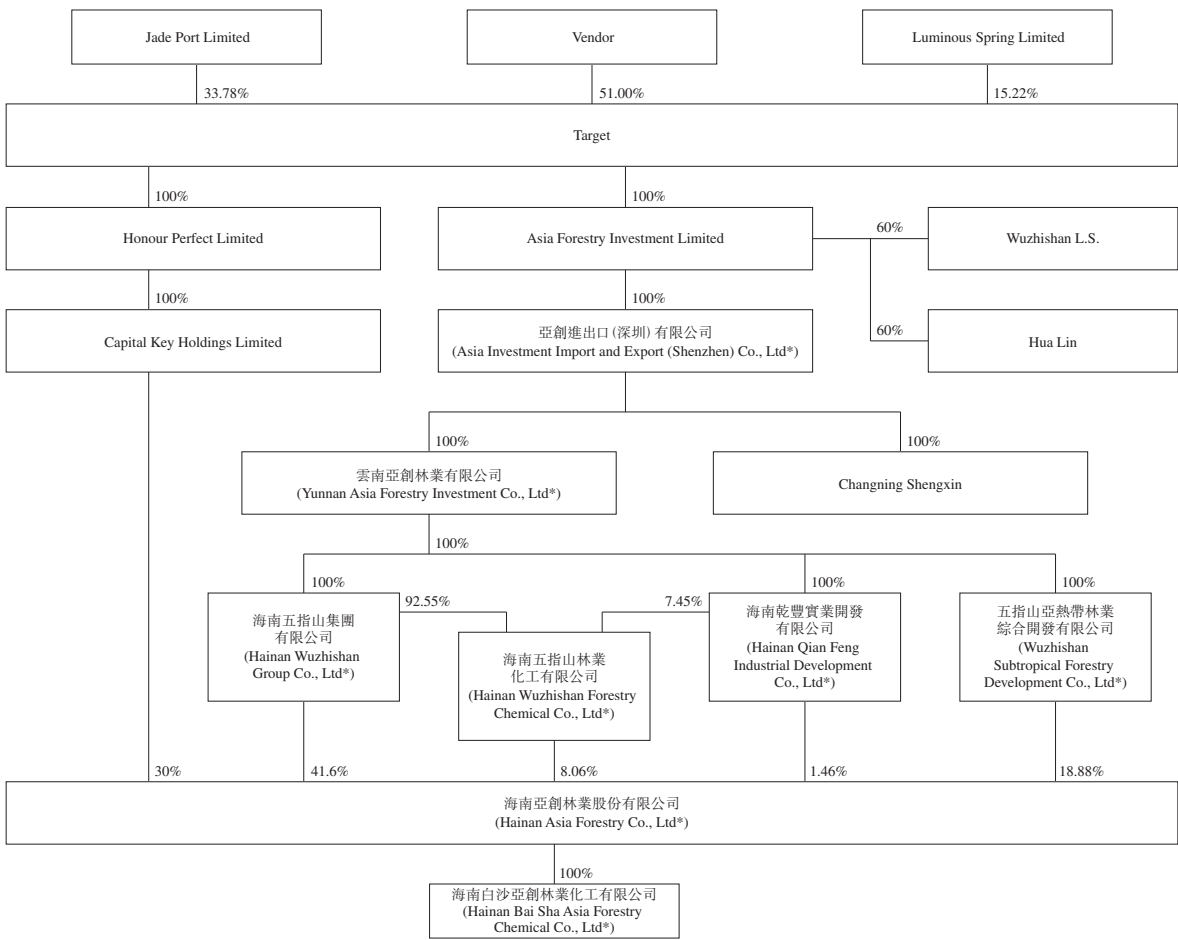
INFORMATION ON THE TARGET GROUP

Set out below are the group structure of the Target Group, the business of the Target Group and the financial information on the Target Group:

Group structure of the Target Group

Group structure of the Target Group as at the date of this announcement

The diagram below depicts the group structure of the Target Group as at the date of this announcement:



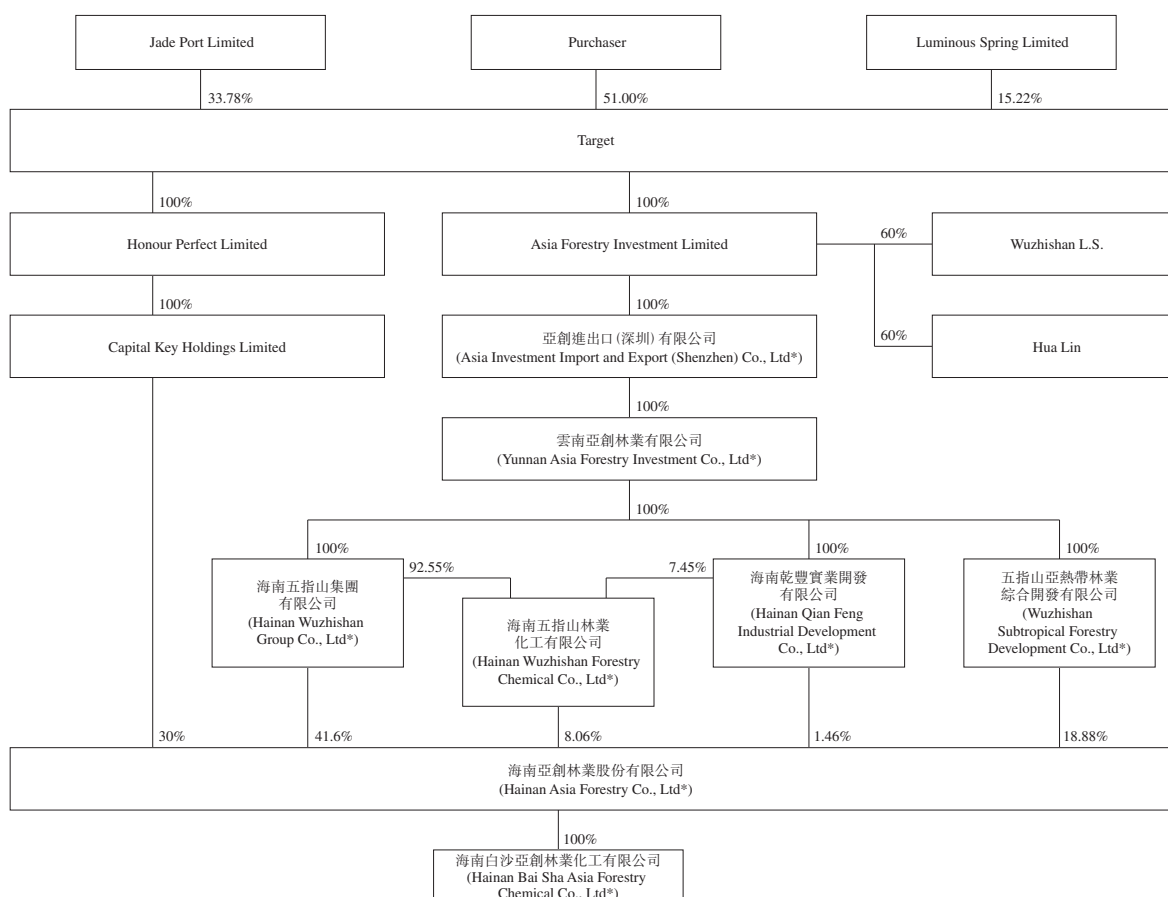
Target Group Reorganisation

Pursuant to the Acquisition Agreement, it is a condition precedent to the Completion that the Target Group has to complete the Target Group Reorganisation, which includes, among other things, (i) the disposal of a subsidiary of the Target Group, namely Changning Shengxin, and (ii) the restructuring of debts of the Target Group.

Pursuant to the Acquisition Agreement, it is the condition precedent to Completion that the Purchaser having obtained the Target Group's financial information (which have been reviewed by the auditors) showing that, among other things, the consolidated total liabilities are not more than RMB500 million. As at 30 June 2016, the unaudited consolidated total liabilities of the Target Group amounted to approximately RMB907,876,000 (equivalent to approximately HK\$1,053,136,000). For the purpose of reducing the liabilities position of the Target Group, the Vendor is in the process of negotiating with the related parties of the Target Group, other creditors and financial institutions in respect of the restructuring of debts. Based on the preliminary due diligence results of the Target Group, the Directors noted the liabilities and litigation situations of the Target Group and believed the current conditions of the Target Group could be relieved and resolved by further negotiation with the counterparties.

Group structure of the Target Group immediately after Completion

The diagram below depicts the group structure of the Target Group immediately after Completion (assuming no other changes in the shareholding structure of the Target Group):



Business of the Target Group

The Target is an investment holding company incorporated in the British Virgin Islands with limited liability. The Target Group is principally engaged in (i) agricultural and forestry plantation; (ii) agricultural and forestry products processing; and (iii) investment, development, management and consulting of agricultural and forestry projects in Hainan Province, the PRC and Mondulkiri Province, Cambodia.

The Target, through its indirect wholly-owned subsidiaries, namely 海南五指山集團有限公司 (Hainan Wuzhishan Group Co., Ltd*), 海南乾豐實業開發有限公司 (Hainan Qian Feng Industrial Development Co., Ltd*) and 海南亞創林業股份有限公司 (Hainan Asia Forestry Co., Ltd*), operates 11 forestry sites in Hainan Province, the PRC. The total area of the aforesaid forestry sites include approximately 168,365 mu for Caribbean pine trees and approximately 660 mu for yellow rosewood trees (with approximately 58,000 trees having planted for over 15 years). Among which, the Target Group has obtained 林權證 (the forestry rights certificates*) for a total area of approximately 145,083 mu for Caribbean pine trees and approximately 660 mu for yellow rosewood trees, which grants the Target Group the right(s) to (i) plant and operate the forestry land under 林地使用權 (the forestry land use rights*); and/or (ii) log and transfer timbers under 林木所有權 (the forestry tree ownership rights*); and/or (iii) harvest the forestry products extracted from the trees under 林木使用權 (the forestry tree use rights*), for a period ranging from 30 to 50 years or until completion of harvesting of existing timbers on the forestry land. As at the date of the Acquisition Agreement, the forestry rights certificates with a total of forestry area of approximately 66,733 mu have been pledged by the Target Group and a total of forestry area of approximately 117,857 mu have been seized by court orders in relation to the litigations involved by the Target Group in respect of (i) repayments of debts and (ii) the contract disputes. The forestry area currently available for the uses of the Target Group are approximately 14,628 mu for pine trees. The Directors believe that the pledge/seizure issues regarding the abovementioned forestry area will be gradually relieved and resolved by (i) negotiations with counterparties; and (ii) reduction of debts through operating cash flows and/or other financing means of the Target Group. The Directors are confident that the Target Group's business will generate sustainable profits in the future.

The Target Group, through 海南白沙亞創林業化工有限公司 (Hainan Bai Sha Asia Forestry Chemical Co., Ltd*), also engages in the production of rosins and turpentine from the resins extracted from the pine trees with an annual production capacity of 10,000 tonnes.

The forestry plantation and forestry products processing businesses of the Target Group in Cambodia is conducted through two indirect non-wholly owned subsidiaries, namely Wuzhishan L.S and Hua Lin. Wuzhishan L.S. and Hua Lin were both incorporated in Cambodia with limited liability and 60% interests of their respective share capital are held by the Target Group. Wuzhishan L.S. has obtained an approval from Cambodian government in 2004 in relation to the application of land concession of 199,999 hectares (equivalent to 2,999,985 mu) for the plantation of pine trees. Subsequently, in 2005 and 2010, Wuzhishan L.S. and Hua Lin have respectively entered into an investment agreement with the Cambodian government, pursuant to which the Cambodian government has granted an economic land concession to Wuzhishan L.S. and Hua Lin with a total area of 10,000 hectares (equivalent to 150,000 mu) and 7,773 hectares (equivalent to 116,595 mu) respectively located in O-Rang and Sen Monorom Districts, Mondulkiri Province.

Financial information of the Target Group

Set out below are the financial information of the Target Group as extracted from its unaudited consolidated financial statements for each of the two years ended 31 December 2014 and 2015, which were prepared in accordance with the PRC General Accepted Accounting Principles:

	For the year ended 31 December 2014		For the year ended 31 December 2015	
	<i>RMB'000</i>	<i>HK\$'000</i>	<i>RMB'000</i>	<i>HK\$'000</i>
Loss before tax	62,461	72,455	22,476	26,072
Loss after tax	62,461	72,455	22,476	26,072

As advised by the Vendor, the Target Group has not performed any logging activities in the forestry sites in Hainan Province, the PRC and the Cambodia. The revenue of the Target Group for the years ended 31 December 2014 and 2015 represented the sales of rosins and turpentine.

The unaudited net assets of the Target Group amounted to approximately RMB412,161,000 (equivalent to approximately HK\$478,107,000) as at 30 June 2016, which comprised total assets of approximately RMB1,320,037,000 (equivalent to approximately HK\$1,531,243,000) and total liabilities of approximately RMB907,876,000 (equivalent to approximately HK\$1,053,136,000).

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) after Completion and the Accumulated Target Profit has been achieved (assuming that there is no other change in the issued share capital of the Company since the date of this announcement).

	As at the date of this announcement		After Completion and the Accumulated Target Profit has been achieved (assuming that there is no other change in the issued share capital of the Company since the date of this announcement)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Shareholders				
China OEPC Limited (<i>note 1</i>)	4,554,492,662	7.764	4,554,492,662	6.538
Mr. Tse Michael Nam (<i>note 2</i>)	1,531,642	0.003	1,531,642	0.002
Other Shareholders (<i>note 3</i>)	150,309,023	0.256	150,309,023	0.216
The Vendor or its nominee(s)	—	—	11,000,000,000	15.790
Public Shareholders	53,957,030,080	91.977	53,957,030,080	77.454
	<u>58,663,363,407</u>	<u>100.00</u>	<u>69,663,363,407</u>	<u>100.00</u>

Note 1: The Shares are held by China OPEC Limited, which is beneficially owned by Best Growth Enterprises Limited. Best Growth Enterprise Limited is in turn beneficially owned by Mr. Zhang Sanhuo, the Chairman and an executive Director.

Note 2: Mr. Tse Michael Nam is an executive Director of the Company.

Note 3: The Shares are held as to 1,996 Shares by Baofa Industrial Limited; 58,823,529 Shares by Mr. Guo Min (the beneficial owner of Baofa Industrial Limited); 17,538,498 Shares by New HongFa Industrial Limited; 42,745,000 Shares by Mr. Wu Daorong; and 31,200,000 Shares by Hwa Foo Holdings Limited, all of which are shareholders or connected persons of City Bloom Limited. City Bloom Limited is owned indirectly as to 70% by Mr. Zhang Sanhuo and hence a connected person of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) the provision of system integration services and software solution; (ii) geological survey, exploration and development of coal deposits (mining operation) and sales of coking coal; and (iii) the provision of coal trading and logistic services.

As mentioned in the interim results announcement for the six months ended 30 June 2016, the Directors will continue to identify suitable investments, acquisitions and project opportunities in order to enhance the value of the Company and to create higher returns for shareholders.

The Target Group has been operating forestry plantation and forestry products processing business in Hainan, the PRC and Mondulkiri, Cambodia for over 20 years and 10 years respectively. The Target Group's team has extensive experience in plantation, forestry and deep processing industrialization, and has access to rich forestry reserves and land resources in these areas. In view of the global trend in promoting green and sustainable development, the Directors remain optimistic about the industry prospects of modern plantation, deep processing industry and the forestry business, and are of the view that the Acquisition presents an opportunity for the Group to tap into the recycling industry for deep-processing plantation and forestry in the PRC and Cambodia. The Target Group owns a land concession of 199,999 hectares (equivalent to 2,990,000 mu) in Cambodia. The Company is considering sub-dividing the land into modular land parcels, each which has an area of between 200,000 mu and 300,000 mu, for land development and utilization, Cassava will be grown in each modular land parcel, A cassava starch processing plant cater to the cassava output to further process to biodegrade plastics and master batch production. Cassava stems can utilize the recycling economic module for the disposable tableware processing plant. They can also be used to produce environmentally friendly biomass pellet fuel products. The Target Group may utilise its forest plantation assets in the PRC and Cambodia to apply for the carbon emissions quota and trade on carbon emissions trading platforms so as to generate sustainable, recurring income. With the fulfillment of the aforesaid business of the Target Group, the Directors are confident that the income stream of the Target Group will be broadened. Furthermore, the Accumulated Target Profit (as described in the paragraph headed "Adjustments to Consideration and Consideration Shares" above), when achieved, will generate favourable return to the Group and enhance the value of the Group.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the pro-forma consolidated net assets of the Target Group of approximately RMB550 million (equivalent to approximately HK\$638 million) on the basis that the consolidated total assets of the Target Group will be not less than RMB1,050 million and the consolidated total liabilities will be not more than RMB500 million at Completion; and (ii) the adjustment mechanism of the Consideration and the Accumulated Target Profit.

In view of the above, the Directors consider that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Friday, 9 September 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 12 September 2016.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Accumulated Qualified Profit”	the consolidated net profits after tax of the Target Group during the period from Completion Date to 31 December 2018 (after excluding any change in valuation of biological assets and non-recurring income, such as tax rebates, grants, subsidies, compensation, bad debts recovered, waivers of debts and interest income, etc.)
“Accumulated Target Profit”	the aggregate of the 2016 Target Profit, the 2017 Target Profit and the 2018 Target Profit
“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement

“Acquisition Agreement”	the conditional sale and purchase agreement dated 9 September 2016 entered into among the Purchaser, the Vendor and the Guarantors in relation to the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong generally open for business throughout their normal business hours
“Changning Shengxin”	昌寧縣盛欣林產品開發有限公司 (Changning County Shengxin Forestry Products Development Co., Ltd*), a company established in the PRC with limited liability and a subsidiary of the Target Group to be disposed of under the Target Group Reorganisation
“Company”	North Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 61)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the date of Completion
“Consideration”	the consideration for the Acquisition at a maximum amount of HK\$580,000,000
“Consideration Share(s)”	the new Share(s) to be allotted and issued by the Company as part of the Consideration
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantors”	Ms. Rayn Li, the beneficial owner of the Vendor, and Mr. Liu Wei, one of the directors of the Target
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hua Lin”	Hua Lin International Insurance Co., Ltd, a company incorporated in Cambodia with limited liability and a non-wholly owned subsidiary of the Target

“Last Trading Day”	8 September 2016, being the last trading day of the Shares immediately prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Promissory Notes”	six-month interest-free promissory notes in the principal amount of HK\$130,000,000 to be issued by the Company to the Vendor or its nominee(s) upon Completion as part of the Consideration
“Purchaser”	Guang Cheng Group Limited, a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Qualified Profit”	the consolidated net profits after tax of the Target Group after excluding any change in valuation of biological assets and non-recurring income, such as tax rebates, grants, subsidies, compensation, bad debts recovered, waivers of debts and interest income, etc.
“Relevant Financial Period”	the financial period from the Completion Date to 31 December 2016, or the financial years ending 31 December 2017 or 2018 (as the case may be)
“Sale Shares”	612,000 shares of US\$0.01 each of the Target, representing 51% issued share capital of the Target
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Asia Forestry Group Company Limited, a company incorporated in the British Virgin Islands with limited liability

“Target Group”	Target and its subsidiaries (from time to time)
“Target Group Reorganisation”	the condition precedent to the Completion that the Target Group has to complete a reorganisation of the Target Group, which includes, among other things, (i) the disposal of a subsidiary of the Target Group, namely Changning Shengxin; and (ii) the restructuring of debts of the Target Group
“Target Profit(s)”	2016 Target Profit, 2017 Target Profit and 2018 Target Profit (as the case maybe)
“Vendor”	Hill Main Limited, a company incorporated in the British Virgin Islands with limited liability
“Wuzhishan L.S.”	Wuzhishan L.S. Group Co., Ltd., a company incorporated in the Cambodia with limited liability and a non-wholly owned subsidiary of the Target
“2016 Target Profit”	the Qualified Profit for the financial period from the Completion Date to 31 December 2016, amount of which is calculated based on: <div style="text-align: center; margin-top: 10px;"> $\frac{\begin{array}{c} \text{the number of days} \\ \text{between the Completion Date and} \\ \text{31 December 2016} \end{array}}{\begin{array}{c} \text{the number of days} \\ \text{between 1 October 2016} \\ \text{and 31 December 2016} \end{array}} \times \text{HK\\$15,000,000}$ </div>
“2017 Target Profit”	the Qualified Profit of HK\$250,000,000 for the financial year ending 31 December 2017
“2018 Target Profit”	the Qualified Profit of HK\$360,000,000 for the financial year ending 31 December 2018
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America

“%”

per cent.

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.16. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.

* *the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

By the order of the Board of
North Asia Resources Holdings Limited
Mr. Zhang Sanhuo
Chairman

Hong Kong, 9 September 2016

As at the date of this announcement, Mr. Zhang Sanhuo, Mr. Huang Boqi and Mr. Tse Michael Nam are the executive Directors, Mr. Zou Chengjian is the non-executive Director and Ms. Leung Yin Fai, Mr. Leung Po Wing, Bowen Joseph^{GBS, JP} and Mr. Zhou Chunsheng are the independent non-executive Directors.