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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 DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF TOPASIA COMPUTER LIMITED

THE AGREEMENT

After trading hours of the Stock Exchange on 21 June 2017, the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing the entire issued share capital of Topasia, and the Sale Loan at an aggregate Consideration of HK\$35,724,274. The Consideration shall be satisfied by the Purchaser by setting off against the outstanding principal amount of the Loan of HK\$32,000,000 and interests accrued up to and including 20 June 2017 (being the last Business Day prior to the date of the Agreement) of HK\$3,724,274 owed by the Borrower (a direct wholly-owned subsidiary of the Company) to the Purchaser on a dollar to dollar basis.

Upon Completion, the Group will cease to hold any interest in Topasia and Topasia will cease to be a subsidiary of the Group.

THE DEED OF RELEASE, DEED OF SET-OFF AND DEED OF WAIVER

Pursuant to the Agreement, (i) the Vendor and the Purchaser shall enter into the Deed of Release to release and discharge the Share Charge over the Sale Shares; (ii) the Purchaser and the Borrower shall enter into the Deed of Set-Off to effect the set off of the Consideration against the Loan and the outstanding interests as described above, and to waive all unpaid interests accrued on the Loan from the date of the Agreement to the date of Completion (both dates inclusive) by the Purchaser subject to Completion taking place; and (iii) the Vendor and Topasia shall enter into the Deed of Waiver to waive any obligations, liabilities and debts owing or incurred by the Vendor and its subsidiary to the Topasia Group on or at any time prior to Completion.

LISTING RULES IMPLICATIONS

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

The Board is pleased to announce that after trading hours of the Stock Exchange on 21 June 2017, the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing the entire issued share capital of Topasia, and the Sale Loan, at an aggregate Consideration of HK\$35,724,274. The Consideration shall be satisfied by way of set off against the Total Outstanding Amount of HK\$35,724,274 due to the Purchaser by the Borrower (a direct wholly-owned subsidiary of the Company) on a dollar to dollar basis. The principal terms of the Agreement are set out below.

THE AGREEMENT

Date

21 June 2017

Parties

- (i) Technology Venture Investments Limited, a direct wholly-owned subsidiary of the Company, being the Vendor; and
- (ii) Get Best Management Ltd., being the Purchaser.

The Purchaser is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed of

Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (i) the Sale Shares, representing the entire issued share capital of Topasia; and (ii) the Sale Loan, representing the loan owed by the Topasia Group to the Vendor as at Completion. The Sale Loan amounted to HK\$48,948,989 as at the date of the Agreement. Details of the Topasia Group are set out in the section headed "Information of the Topasia Group" below.

Consideration

The Consideration of HK\$35,724,274 shall be satisfied by the Purchaser, on a dollar to dollar basis, by way of set off against the Total Outstanding Amount of HK\$35,724,274 due to the Purchaser by the Borrower. The Total Outstanding Amount of HK\$35,724,274 comprised (i) the outstanding principal amount of the Loan of HK\$32,000,000; and (ii) the interests accrued on the Loan up to and including 20 June 2017 (being the last Business Day prior to the date of the Agreement) of HK\$3,724,274.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser having considered (i) the market presence and niche of the Topasia Group in the PRC; (ii) the experience and expertise of the management team in the business of distribution of automated teller machines (the "ATMs"), system integration and related services; (iii) the long operating history and established customer base of the Topasia Group comprising financial institutions and government authorities in the PRC; (iv) the Total Outstanding Amount owed to the Purchaser; and (v) the financial position of the Topasia Group.

Conditions precedent

Completion is conditional upon the fulfillment of the following conditions:

- (i) all necessary consents and approvals required to be obtained on the part of the Vendor and the Company in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (ii) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the execution of the Deed of Release and the Deed of Waiver.

None of the conditions above are capable of being waived.

If any of the above conditions have not been fulfilled on or before 12 July 2017, or such other date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine (save and except for the provisions dealing with the restriction on announcements, notices, costs and stamp duty and governing law and jurisdiction which shall continue to have full force and effect) and no party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Agreement.

Completion

Completion shall take place on the next Business Day after all the conditions precedent under the Agreement having been fulfilled (or such other date the parties to the Agreement may agree).

THE DEED OF RELEASE, DEED OF SET-OFF AND DEED OF WAIVER

Reference is made to the announcements of the Company dated 7 June 2013 and 13 July 2015 in relation to, among other things, (i) the Loan Agreement entered into between the Borrower and the Purchaser; and (ii) the execution of the Share Charge by the Vendor in favour of the Purchaser over the Sale Shares under the Loan Agreement.

Pursuant to the Loan Agreement, the Purchaser has provided the Loan in the principal amount of HK\$32,000,000 to the Borrower, which carries interest at the rate of 6% per annum and shall be repayable on 12 July 2017 (or such later date as the parties to the Loan Agreement may agree). The Loan is secured by the Share Charge over the Sale Shares.

Pursuant to the Agreement, (i) the Vendor and the Purchaser shall enter into the Deed of Release to release and discharge the Share Charge over the Sale Shares; (ii) the Purchaser and the Borrower shall enter into the Deed of Set-Off to effect the set off of the Consideration against the Total Outstanding Amount, and to waive all unpaid interests accrued on the Loan from the date of the Agreement to the date of Completion (both dates inclusive) by the Purchaser subject to Completion taking place; and (iii) the Vendor and Topasia shall enter into the Deed of Waiver to waive any obligations, liabilities and debts owing or incurred by the Vendor and its subsidiary to the Topasia Group on or at any time prior to Completion. As at the date of Agreement, the Vendor and its subsidiary were indebted to the Topasia Group in an aggregate amount of HK\$26,738,575.

INFORMATION OF THE TOPASIA GROUP

Topasia is an investment holding company incorporated in Hong Kong with limited liability. It is wholly-owned by the Vendor as at the date of the Agreement.

The Topasia Group comprises Topasia and two wholly-owned subsidiaries incorporated in the PRC, namely 冠亞科技(上海)有限公司 (Topasia Technology (Shanghai) Limited*) and 冠亞信息科技服務(上海)有限公司 (Topasia Information Technology Services (Shanghai) Limited*) respectively, and has an operating history of over 15 years. Topasia Technology (Shanghai) Limited is principally engaged in the distribution of information technology products (mainly the ATMs) and provision of computer technology services, and Topasia Information Technology Services (Shanghai) Limited is principally engaged in the provision of systems integration and software solutions services, mainly in relation to ATMs. The customers of the Topasia Group include financial institutions, post offices and other government authorities in the PRC.

Set out below is a summary of the financial information of the Topasia Group as extracted from its unaudited consolidated financial statements for the two years ended 31 December 2015 and 2016, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended	
	31 December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	2,396	3,649
Loss after taxation	3,073	4,221

The unaudited consolidated net liabilities of the Topasia Group as at 31 May 2017 amounted to approximately HK\$29.6 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in coal exploration and development (mining operation) and sales of coking coal, provision of coal trading logistics services, development of cassava as a raw material and production of starch, biofuel (ethanol) and their recyclable by-products, and provision of system integration services and software solutions.

As disclosed in the annual report of the Company for the year ended 31 December 2016, the Group's sales of the ATMs and provision of related services during 2016 have been affected by the suppressed demand on the ATMs by the banking industry due to economic slowdown in the PRC and keen competition from local ATMs manufacturers. The Directors are of the view that the rapid development in financial technology in recent years with different alternative banking products introduced in the market, such as prepaid card system, mobile banking, money transfer with near-field communication feature, would create further pressure affecting the demand of the ATMs and related services offered by the Topasia Group. Having taken into the account (i) the aforesaid industry environment; (ii) the loss making position of the Topasia Group for the years ended 31 December 2015 and 2016; and (iii) the unaudited consolidated net liabilities of the Topasia Group of approximately HK\$7.4 million (as adjusted by the amount to be waived by the Topasia Group under the Deed of Waiver of approximately HK\$26.7 million and the Sale Loan of approximately HK\$48.9 million) as at 31 May 2017, the Directors considered the Disposal represented an opportunity for the Group to realise its investment and to improve the financial position as well as the gearing ratio of the Group.

Upon Completion, the Group will cease to hold any interest in Topasia and therefore Topasia will cease to be a subsidiary of the Group. The financial statements of Topasia will be deconsolidated from the consolidated financial statements of the Group.

Based on the unaudited consolidated financial statements of the Topasia Group as at 31 May 2017, it is expected that the Group would record a gain of approximately HK\$42.9 million as a result of the Disposal, being the difference between (i) the Consideration of approximately HK\$35.5 million (after deducting transaction costs and expenses directly attributable to the Disposal of approximately HK\$0.2 million); and (ii) the unaudited consolidated net liabilities of the Topasia Group of approximately HK\$7.4 million (as adjusted by the amount to be waived by the Topasia Group under the Deed of Waiver of approximately HK\$26.7 million and the Sale Loan of approximately HK\$48.9 million) as at 31 May 2017. The abovementioned expected gain on the Disposal is for illustrative purpose only. The actual gain or loss arising from the Disposal will be subject to the review and final audit by the auditors of the Company.

In view of the above, the Directors consider the terms of the Agreement (including the Consideration) are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 21 June 2017 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Borrower”	North Asia Precious Metal Group Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Business Day(s)”	a day(s) (other than Saturday, Sunday or public holiday) on which licensed banks are generally opened for business in Hong Kong throughout their normal business hours
“Company”	North Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 61)
“Completion”	completion of the Disposal
“Consideration”	consideration for the Disposal
“Deed of Release”	the deed of release in respect of releasing the Share Charge over the Sale Shares to be executed by the Purchaser in favour of the Vendor
“Deed of Set-Off”	the deed of set-off and waiver to be executed by the Purchaser and the Borrower in relation to the set off of the Consideration against the Total Outstanding Amount on a dollar to dollar basis and the waiver of all outstanding interests accrued on the Loan from the date of the Agreement to the date of Completion (both dates inclusive)
“Deed of Waiver”	the deed of waiver to be executed by Topasia and the Vendor in relation to the waiver of any obligations, liabilities and debts owing or incurred by the Vendor and its subsidiary to the Topasia Group on or at any time prior to Completion
“Directors”	directors of the Company

“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser in accordance with the terms of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of HK\$32,000,000 provided by the Purchaser to the Borrower under the Loan Agreement
“Loan Agreement”	the loan agreement dated 30 May 2013 (as supplemented by two letters of extension dated 30 May 2014 and 6 July 2015 issued by the Purchaser and the supplemental agreement dated 13 July 2015) entered into between the Borrower and the Purchaser
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Get Best Management Ltd., a company incorporated in the British Virgin Islands with limited liability
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Topasia Group to the Vendor on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion
“Sale Shares”	10,000 ordinary shares of Topasia, representing the entire issued share capital of Topasia
“Shareholder(s)”	holder(s) of the issued ordinary share(s) of the Company
“Share Charge”	the deed of share charge dated 13 July 2015 executed by the Vendor in favour of the Purchaser, pursuant to which a share charge has been created over the Sale Shares as a security of the performance of all obligations of the Borrower under the Loan Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Topasia”	Topasia Computer Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company prior to Completion
“Topasia Group”	Topasia and its subsidiaries
“Total Outstanding Amount”	being HK\$35,724,274 due to the Purchaser by the Borrower, comprising the outstanding principal amount of the Loan and interests accrued up to and including 20 June 2017 (being the last Business Day prior to the date of the Agreement)
“Vendor”	Technology Venture Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

* *The English translation of certain Chinese names or words in this announcement are included for reference purpose only and should not be regarded as the official English translation of such Chinese names or words.*

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

Hong Kong, 21 June 2017

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.