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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)

ANNOUNCEMENT

This announcement is made by North Asia Resources Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board of directors (the “**Board**”) of the Company announces that, on 23 August 2012, the Company was notified that Mountain Sky Resources Holdings Limited (the “**Claimant**”) has on 21 August 2012 filed a claim (the “**Claim**”) in the High Court of Justice of the British Virgin Islands against Mountain Sky Resources (Mongolia) Limited (“**MSM**”), Ultra Asset International Limited (“**Ultra Asset**”), the Company and Guang Cheng Group Limited (“**Guang Cheng**”). As at the date hereof, MSM is a substantial shareholder of the Company holding 155,350,000 ordinary shares of the Company (the “**Shares**”) and 1,500,987,376 convertible preference shares of the Company (the “**CPS**”), and Guang Cheng is a wholly-owned subsidiary of the Company. To the best of the Board’s knowledge, information and belief, the Claimant is a shareholder of MSM and has an 18.81% equity interest in MSM, and the other shareholder of MSM is Ultra Asset which has an 81.19% equity interest in MSM. The Claimant is not a registered shareholder of the Company and to the best of the Board’s knowledge, information and belief, the Claimant does not hold any Shares and/or CPS as at the date hereof.

At the time of issuance of the convertible bonds (the “**CBs**”) in the principal amount of US\$30,000,000 to Business Ally Investments Limited (“**BAI**”), MSM has executed a share charge of 514,932,886 CPS in favour of BAI. As disclosed in the circular of the Company dated 8 February 2012, the terms and conditions of the CBs were proposed to be altered, which alteration was conditional upon, among others, (i) MSM shall have executed under seal and delivered to BAI (the holder of the CBs) the charge on the remaining CPS (the “**Additional Charge on Preference Shares**”) registered under its name (being 986,054,490 CPS) in favour of BAI; and (ii) MSM shall have charged, executed under seal and delivered to BAI the charge on the Shares (the “**Charge on Shares**”) registered under its name (being 155,350,000 Shares) in favour of BAI. On 5 March 2012, the Additional Charge on Preference Shares and the Charge on Shares were executed by MSM in favour of BAI.

As disclosed in the announcement of the Company dated 4 July 2012 (the “**Announcement**”) on 12 June 2012, (i) a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with an independent third party regarding a proposed acquisition of equity interests in certain companies engaging in the operation of coal mines in Shanxi Province, the People’s Republic of China; and (ii) the Company entered into a conditional sale and purchase agreement with a connected person of the Company regarding the proposed disposal of the Group’s iron mining and coal trading and logistic operations in Mongolia. The Company is also engaging in discussions with BAI regarding the possible capitalisation of part of the CBs and the possible alteration of certain terms of the CBs (together, the “**Proposed Transactions**”).

The Claim involves, among other things, the seeking of the following: (i) an injunction restraining the Company, Guang Cheng and MSM from taking or procuring any further steps in respect of certain proposed transactions as described in the Announcement, in particular any steps that involve selling MSM’s Shares and CPS in the Company in return for the Group’s iron mine in Mongolia; (ii) an order declaring that the directors’ and shareholders’ resolutions of MSM approving the components of the Proposed Transactions, the Additional Charge on Preference Shares and the Charge on Shares are void and of no effect; (iii) an order that Ultra Asset transfer 350 million Shares free and clear of any encumbrance to the Claimant, or in the alternative that the Additional Charge on Preference Shares and the Charge on Shares are void and of no effect and Ultra Asset procure MSM to transfer 18.81% of the Shares and CPS it held to the Claimant free and clear of any encumbrance; and (iv) damages and costs. The Claimant alleged that the affairs of MSM have been and are likely to be conducted in a manner that is oppressive, unfairly discriminatory and/or unfairly prejudicial to the Claimant in its capacity as a shareholder of MSM.

The Company has carried out all reasonable work including obtaining relevant copies of minutes and resolutions from MSM and a legal opinion based on the laws of the British Virgin Islands addressed to BAI in relation to the execution of the Additional Charges on Preference Shares and the Charge on Shares. Based on the aforesaid legal opinion, the Board considers that the Additional Charge on Preference Shares and the Charge on Shares were duly executed by MSM and proper authorization has been obtained from the relevant parties for the execution of the same. In addition, after preliminary consultations with relevant professionals, the Company considers that the Claim against the Company is unmeritorious and without any justifiable basis. As stated above, the Claimant is not a shareholder of the Company and it is not clear the standing in which the Claimant is making the claim against the Company. Further, the Company is of the view that the Proposed Transactions are in the interest of the Company for the benefit of all shareholders. The Company intends to strongly defend the Claim and is in the process of obtaining legal advice in this respect. Further announcement(s) will be made by the Company as and when appropriate if there is any material development of the Claim.

Trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 13 June 2012 and will remain suspended pending the release of an announcement in relation to the Proposed Transactions. Shareholders and public investors are advised to exercise cautions when dealing with the securities of the Company.

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

Hong Kong, 27 August 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.