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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in North Asia Resources Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)**

### **ALTERATION OF THE TERMS OF THE CONVERTIBLE PREFERENCE SHARES**

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A notice convening the SGM to be held at Units 2001-2, 20th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong at 11:00 a.m. on Friday, 28 January 2011 is set out on pages 11 to 12 of this circular. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

11 January 2011

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Acquisition”	the acquisition of the entire issued share capital of North Asia Resources Group Limited by the Company pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 22 June 2009 as amended by the supplemental agreements dated 26 June 2009 and 8 July 2009 entered into between the Company, the Vendors and the Guarantors in relation to the Acquisition
“Announcement”	the announcement of the Company dated 9 December 2010
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“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
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Convertible Preference Shares”	the new class of unlisted non-redeemable convertible preference shares of HK\$0.01 each in the share capital of the Company created, carrying the rights for conversion into Shares
“Conversion Price”	the conversion price of the Convertible Preference Shares (subject to adjustment for subdivision or consolidation of Shares, capitalization of profits or reserves, rights issue, capital distributions in cash or specie and other usual dilutive events in accordance with the terms of the Convertible Preference Shares)

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## DEFINITIONS

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“CPS holders”	the holders of the Convertible Preference Shares as at the Latest Practicable Date
“Deed of Amendment”	the deed of amendment dated 9 December 2010 entered into between the Company, the Vendors and the Guarantors in respect of the Proposed Alteration of the terms of the Convertible Preference Shares
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Chan, Mr. King and Mr. Yu, who have guaranteed the Company the due and punctual performance by the Vendors to refund the Deposit under the terms of the Acquisition Agreement
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Latest Practicable Date”	6 January 2011, being the latest practicable date for ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mountain Sky”	Mountain Sky Resources (Mongolia) Limited
“Mr. Chan”	Mr. Chan Kwan-Hung, one of the Guarantors
“Mr. King”	Mr. King Jun Chih, Joseph, one of the Guarantors
“Mr. Yu”	Mr. Yu Tsung Chin, William, one of the Guarantors

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## DEFINITIONS

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“Proposed Alteration”	the proposed alteration of the terms of the Convertible Preference Shares such that (i) the Conversion Price shall not be subject to further adjustments of the occurrence of dilutive events (other than as a result of subdivision or consolidation of Shares); and (ii) the Convertible Preference Shares are freely transferable to any persons, including connected persons of the CPS holders
“PRC”	The People’s Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“SGM”	the special general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Proposed Alteration, and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ultra Asset”	Ultra Asset International Ltd.
“Vendors”	Mountain Sky and Ultra Asset
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. King Jun Chih, Joseph  
Mr. Tse Michael Nam  
Mr. Yang Xiaopi

*Non-executive Directors:*

Mr. Chan Kwan Hung  
Mr. Wu Chi Chiu

*Independent non-executive Directors:*

Mr. Lim Yew Kong, John  
Mr. Mak Ping Leung  
Mr. Leung Po Wing, Bowen Joseph, *GBS, JP*

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Head Office and Principal Place  
of Business in Hong Kong:*

Units 2001-2, 20th Floor  
Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

11 January 2011

*To the Shareholders*

Dear Sir or Madam,

### **ALTERATION OF THE TERMS OF THE CONVERTIBLE PREFERENCE SHARES**

#### **INTRODUCTION**

References are made to the announcements of the Company dated 8 June, 8 and 15 July, 18 August, 14 October, 10 and 13 November and 14 December 2009, the circular (the “**2009 Circular**”) of the Company dated 23 October 2009 in relation to, among others, the issue of the Convertible Preference Shares, and the Announcement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to give (i) details of the Proposed Alteration; and (ii) notice convening the SGM.

### RELEVANT BACKGROUND

On 22 June 2009, the Company entered into the Acquisition Agreement with the Vendors, Mr. King and Mr. Chan in relation to the Acquisition of the entire issued share capital of North Asia Resources Group Limited and pursuant to the terms of the Acquisition Agreement, the Company shall issue an aggregate of 2,547,300,000 Convertible Preference Shares as part of the consideration for the Acquisition.

As disclosed in the paragraph headed “Convertible Preference Shares” in the 2009 Circular, the initial Conversion Price per Share was HK\$0.50 per Share (subject to adjustment for subdivision or consolidation of Shares, capitalisation of profits or reserves, rights issue, capital distributions in cash or in specie and other usual dilutive events) for each Convertible Preference Share.

As disclosed in the announcement of the Company dated 20 May 2010, the Conversion Price of the Convertible Preference Shares has been adjusted as a result of a placing of new Shares and the Conversion Price has been adjusted from HK\$0.50 per Share to HK\$0.44 per Share.

As at the Latest Practicable Date, the total number of outstanding Convertible Preference Shares to be issued and allotted is 2,338,710,400.

### THE PROPOSED ALTERATION

As disclosed in the Announcement, on 9 December 2010, the Company has entered into the Deed of Amendment with the Vendors and the Guarantors in relation to the Proposed Alteration of the terms of the Convertible Preference Shares such that (i) the Conversion Price shall not be subject to further adjustments of the occurrence of dilutive events (other than as a result of sub-division or consolidation of Shares); and (ii) the Convertible Preference Shares are freely transferable to any persons, including connected persons of the CPS holders. In other words, the Conversion Price shall be fixed at HK\$0.44 per Share as a result of the Proposed Alteration.

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## LETTER FROM THE BOARD

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The principal terms of the Deed of Amendment are summarized as follows:

- Date:** 9 December 2010
- Parties:**
- (1) the Company;
  - (2) Mountain Sky Resources (Mongolia) Limited;
  - (3) Ultra Asset International Ltd.;
  - (4) Mr. King;
  - (5) Mr. Chan; and
  - (6) Mr. Yu

### Conditions

The Proposed Alteration will be subject to:

- (a) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the SGM of the necessary resolutions to approve the Proposed Alteration and the transactions contemplated thereunder;
- (b) the approval from the Stock Exchange in accordance with Rule 16.03 of the Listing Rules in respect of the Proposed Alteration having been obtained; and
- (c) all necessary consents and approvals required to be obtained on the part of the Company and the CPS holders (if applicable) in respect of the Proposed Alteration and the transactions contemplated thereunder having been obtained.

Apart from the Proposed Alteration, the other terms and conditions of the Convertible Preference Shares shall remain intact and unchanged.

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER LISTING RULES

According to Rule 16.03 of the Listing Rules, any alterations in the terms of convertible equity securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities.

As the Proposed Alteration is a material change in terms, independent Shareholders' approval is required.

In this regard, the Company will put forward the proposals to the Shareholders at the SGM the necessary resolutions to approve the Proposed Alteration and the transactions contemplated thereunder.

### REASONS FOR THE PROPOSED ALTERATION

The Proposed Alteration was made at the request of the Vendors. The Board believes that the Proposed Alteration will be in the interests of the Company and the Shareholders as a whole for the following reasons:

- (i) the Proposed Alteration represents a waiver of rights by the CPS holders and will have no impact on the daily business operations or financial position of the Group;
- (ii) the rights of the Shareholders will not be affected by the Proposed Alteration;
- (iii) the cancellation of the adjustment mechanism of the Convertible Preference Shares, so as to the consequential cancellation of the corresponding dilutive effect on the share capital of the Company may lead to the enhancement of the net asset value per Share and/or earnings per Share;
- (iv) the Proposed Alteration will allow the Company to have more flexibility for future fund raising exercises without concerns on the adjustments to the Conversion Price, in particular, that the Company no longer needs to seek the certification of its auditors or approved merchant banks to confirm the adjustments;

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## LETTER FROM THE BOARD

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- (v) the Proposed Alteration such that the Convertible Preference Shares are freely transferable to any persons, including connected persons of the Company and the CPS holders, will enhance the liquidity of trading of the Convertible Preference Shares and thereby enlarging the shareholder and capital base of the Company; and
- (vi) the Proposed Alteration, in particular, the lifting of the transfer restriction of the Convertible Preference Shares to any persons including connected persons of the Company and the CPS holders will improve the marketability and attractiveness of the Convertible Preference Shares, which in turn will be beneficial and is fair and reasonable to the Company and its Shareholders.

In light of the above reasons, the Company considers that the Proposed Alteration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Any transfer of the Convertible Preference Shares to connected persons will be subject to compliance with the Listing Rules and/or other applicable laws and regulations and prior notification having been made to and written consent having been obtained from the Company. The Company will notify the Stock Exchange and make further announcement(s) if so required by the Listing Rules when the Convertible Preference Shares are transferred to any connected persons of the Company.

### GENERAL

Pursuant to the Listing Rules, the Proposed Alteration will be subject to the approval of the Shareholders at the SGM. As at the Latest Practicable Date, 155,350,000 Shares (representing approximately 18.25% of the existing issued share capital of the Company) and 70,820,000 Shares (representing approximately 8.32% of the existing issued share capital of the Company) are held by each of Mountain Sky and Ultra Asset respectively and 1,500,987,376 Convertible Preference Shares, 693,500,400 Convertible Preference Shares and 144,222,624 Convertible Preference Shares are held by each of Mountain Sky, Ultra Asset and Treerun Investments Ltd. respectively. Each of Mountain Sky, Ultra Asset, Mr. King, Mr. Chan, Mr. Yu and the CPS holders has agreed, and has agreed to procure its associates, to abstain from voting for the resolutions to approve the Proposed Alteration at the SGM. To the best of the Directors' knowledge information and belief, Mr. Yu holds 60% of Ultra Asset through Extra Right Group Limited. Ultra Asset, in turn, holds 81.19% of Mountain Sky. The remaining 18.81% of Mountain Sky is held by Mountain Sky Resources Holdings Limited, which, in turn, is beneficially owned as to 40% by Mr. Chan and as to 40% by M&S Investment Consultants Limited which in turn is wholly and beneficially owned by Ms. Kung Lui, wife of Mr. King. Ms. Kung is also interested in 100,000 share options granted under the share option scheme of the Company. Save as disclosed, there are no other Shares held by Mr. Yu, Mr. King and Mr. Chan.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief, save for Mountain Sky, Ultra Asset, Mr. King, Mr. Chan, Mr. Yu and the CPS holders and their respective associates, none of the other Shareholders has any material interests in the transactions contemplated under the Proposed Alteration who will be required to abstain from voting for the resolution to approve the Proposed Alteration in the SGM.

### SGM

The notice convening the SGM at Units 2001-2, 20th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong on 28 January 2011 at 11:00 a.m. is set out on pages 11 to 12 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting thereof (as the case may be) should you so desire.

### RECOMMENDATION

The Proposed Alteration was arrived at after arm's length negotiations between the Company and the Vendors. The Board believes that Proposed Alteration is in the interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of the resolution to be proposed at the SGM.

### FURTHER INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**North Asia Resources Holdings Limited**  
**Tse Michael Nam**  
*Executive Director*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. MISCELLANEOUS**

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Units 2001-2, 20th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.
- (c) The Company Secretary of the Company is Ms. Kwok Mei Fan, who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese version.

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## NOTICE OF SGM

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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)**

**NOTICE IS HEREBY GIVEN THAT** a special general meeting (the “**SGM**”) of North Asia Resources Holdings Limited (the “**Company**”) will be held at Units 2001-2, 20th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong at 11:00 a.m. on Friday, 28 January 2011 for the following purpose of considering and, if thought fit, passing with or without amendments, the following resolution:

#### **ORDINARY RESOLUTION**

**“THAT:**

- (a) the deed of amendment dated 9 December 2010 entered into between the Company, the Vendors and the Guarantors mentioned therein (the “**Deed of Amendment**”), a copy of which marked “A” has been produced to the meeting and signed by the Chairman of the meeting for the purpose of identification, be and is hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised to take all actions and sign, execute and deliver all such agreements, deeds and documents for and on behalf of the Company as the directors may consider necessary or desirable for the purpose of effecting or implementing the Deed of Amendment.”

By the order of the Board  
**North Asia Resources Holdings Limited**  
**Tse Michael Nam**  
*Executive Director*

Hong Kong, 11 January 2011

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## NOTICE OF SGM

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*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Head Office and Principal Place*

*of Business in Hong Kong:*  
Units 2001-2, 20th Floor  
Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the Bye-Laws, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. Whether or not you intend to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.