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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

This announcement is made pursuant to Rules 13.51(1) and (3) of the Listing Rules.

The Board of the Company announces that on 9 December 2010, the Company has entered into a Deed of Amendment with the CPS holders 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.

The proposed amendments to the terms of the Convertible Preference Shares are subject to the approval of the Shareholders by passing the necessary resolutions at the SGM. A circular containing, among other things, further details of the proposed amendments to the terms of the Convertible Preference Shares will be despatched to the Shareholders in compliance with the Listing Rules.

References are made to the announcements (the “**Announcements**”) of the Company dated 8 June, 8 and 15 July, 18 August, 14 October, 10 and 13 November and 14 December 2009 and the circular (the “**Circular**”) of the Company dated 23 October 2009 in relation to, among others, the issue of the Convertible Preference Shares. Unless the context requires otherwise, terms used herein shall have the same meaning as that defined in the Announcements and the Circular.

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 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.

THE PROPOSED ALTERATION

The Board of the Company announces that on 9 December 2010, the Company has entered into a Deed of Amendment with the CPS holders 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.

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; and
- (b) 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.

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.

IMPLICATION 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 considered to be a material change in terms, Shareholders' approval is required.

A circular containing, among other matters, details of the Proposed Alteration and notice of SGM, will be despatched to the Shareholders in compliance with the Listing Rules.

REASONS FOR THE PROPOSED ALTERATION

The Proposed Alteration was made at the request of the CPS holders. 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; and
- (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.

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.

DEFINITIONS

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

“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
“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 and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	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)
“CPS holders”	the holders of the Convertible Preference Shares as at the date of this announcement
“Deed of Amendment”	the deed of amendment dated 9 December 2010 entered into between the Company and the CPS holders in respect of the Proposed Alteration of the terms of the Convertible Preference Shares
“Directors”	the directors 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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“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 announcement, 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
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Mountain Sky Resources (Mongolia) Limited and Ultra Asset International Ltd.

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By Order of the Board
North Asia Resources Holdings Limited
King Jun Chih, Joseph
Chairman

Hong Kong, 9 December 2010

As at the date of this announcement, Mr. King Jun Chih, Joseph, Mr. Tse Michael Nam and Mr. Yang Xiaoqi are the executive Directors, Mr. Chan Kwan Hung and Mr. Wu Chi Chiu are the non-executive Directors 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.