

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: PROPOSED ACQUISITION OF TWO IRON ORE MINES IN MONGOLIA

The Company is pleased to announce that after arm's length negotiations between the relevant parties, on 29 July 2010, the Company entered into the Framework Agreement with the Vendor in relation to the Possible Acquisition.

The Target is currently holding the Mining Permit and the Exploration Permit in relation to the Mines located in Mongolia.

The entering into of the Framework Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Company is pleased to announce that after arm's length negotiations between the relevant parties, on 29 July 2010, the Company entered into the Framework Agreement with the Vendor in relation to the Possible Acquisition.

THE FRAMEWORK AGREEMENT

Date:

29 July 2010

Parties:

- (i) the Company, as the purchaser of the Sale Capital
- (ii) the Vendor, a company established in the PRC and will own 100% equity interests of the Target upon completion of the Reorganisation

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties and as at the date of this announcement, the Vendor and its associates do not hold any Shares or other securities of the Company.

Assets to be acquired

Pursuant to the Framework Agreement, it was agreed that the Purchaser shall acquire and the Vendor shall sell the Sale Capital, which represents 100% of equity interests of the Target.

After Completion, the Purchaser shall be interested in 100% of the entire registered and paid-up capital of the Target and the Target will become a wholly-owned subsidiary of the Company.

Consideration

The total consideration for the Possible Acquisition is RMB170,000,000 (equivalent to approximately HK\$195,500,000) and shall be settled by the Purchaser in the following manner:

- (i) as to the initial deposit (the “**Initial Deposit**”) of a total of US\$2,200,000 (equivalent to approximately HK\$17,160,000) will be paid in cash by the Purchaser to a bank account controlled by the designated legal adviser mutually appointed by both of the Purchaser and the Vendor within seven Business Days following the signing of the Framework Agreement; and
- (ii) the remaining balance of RMB155,106,000 (equivalent to approximately HK\$178,372,000) shall be payable in cash by the Purchaser to the Vendor within seven Business Days upon signing of the formal sale and purchase agreement and Completion shall take place within three days from payment of the remaining balance.

The Initial Deposit shall be used for the purpose of the Reorganisation. In the event that the Reorganisation cannot be completed as contemplated under the Framework Agreement, the Vendor shall refund the Initial Deposit within seven Business Days upon completion of due diligence by the Purchaser.

The consideration for the Sale Capital was determined after arm's length negotiations between the Vendor and the Purchaser after considering various factors, including the representation by the Vendor under the Framework Agreement that the Mine under the Mining Permit has iron ore reserves of not less than 79,000,000 tonnes and the prospects of iron mining business. The funding for the cash consideration will be satisfied from the internal resources of the Group and possible fund raising and/or bank financing.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

1. the issue of due diligence reports by relevant professionals to be conducted on the legal, financial, technical, operational aspects of the Mines and the Target, which shall be conducted within 45 days from the date of payment of the Initial Deposit, which may be extended for a period of 15 days as mutually agreed by both the Vendor and the Purchaser;
2. the Mining Permit and the Exploration Permit remain legal and valid and the Target remains a legal and valid subsisting entity;
3. completion of the Reorganisation;
4. the due diligence report shows that the minable iron ore reserves under the Mining Permit meets the estimated amount of not less than 79,000,000 tonnes as represented by the Vendor under the Framework Agreement and the economic minable iron ore by way of open pit mining shall not be less than one third of the said reserves; and
5. the Purchaser being satisfied with the results of the due diligence to be conducted on the Mines and the Target.

The condition precedent (4) above may be waived by the Purchaser at its absolute discretion. As at the date of this announcement, the Board has no intention to waive the condition precedent (4). The Board may consider to waive the condition precedent (4) if the shortage of the minable iron ore reserves under the Mining Permit between the amount as represented by the Vendor under the Framework Agreement and the amount as shown in the due diligence report does not exceed 15%.

Completion

Upon completion of the due diligence and the Reorganisation, the parties to the Framework Agreement shall enter into a formal sale and purchase agreement including details of the terms of the Possible Acquisition and warranties to be given by the Vendor for the transfer of the Sale Capital. Within seven days upon the entering into of such formal sale and purchase agreement, the Purchaser shall pay the Vendor the remaining balance of consideration for the Possible Acquisition and the Vendor shall transfer the Sale Capital to the Purchaser within three days thereafter.

INFORMATION OF THE TARGET AND THE MINES

The Target is a company established in Mongolia and is principally engaged in the mining business in Mongolia. After completion of the Possible Acquisition, the Purchaser shall be interested in 100% equity interests of the Target.

The Target is currently holding the Mining Permit in relation to a Mine located in Dundgobi Province, Mongolia (蒙古國中戈壁省). The Mine under the Mining Permit is an iron ore mine in Mongolia with the Mining Permit issued by the relevant Mongolia authority for thirty years from 22 February 2007. In addition to the Mining Permit, the Target is also holding the Exploration Permit issued by the relevant Mongolia authority in relation to a Mine located in Dornogobi Province, Mongolia (蒙古國東戈壁省). As advised by the Vendor, the relevant iron mines in respect of the Mining Permit and the Exploration Permit are located approximately 60km and 35km respectively from the train station of Choir Govisumber aimag (the “**Choir Train Station**”) in Mongolia.

Set below is the financial information of the Target:

	For the year ended 31 December 2008		For the year ended 31 December 2009	
	<i>MNT'000</i>	<i>HK\$'000</i>	<i>MNT'000</i>	<i>HK\$'000</i>
Loss before taxation	0	0	33,340	191
Loss after taxation	0	0	33,340	191
Net asset value	2,020,149	11,604	1,986,809	11,412

After completion of the Possible Acquisition, the Target will be a wholly-owned subsidiary of the Company and its results will be consolidated in the consolidated financial statements of the Group.

REASONS FOR THE POSSIBLE ACQUISITION

The Group is principally engaged in the mining business and the business of the distribution and provision of banking and finance systems integration services and software solutions. It has been the business strategy of the Group to proactively seek potential investment opportunities that would enhance shareholders' value. The Directors consider that it is beneficial for the Group to seek suitable investment opportunities, particularly in the mining sector, from time to time to broaden its source of income.

In this connection, the Group has identified the Target as an attractive acquisition target for the Group due to the continuous growth in worldwide demand for natural resources, including iron ores. Subsequent to the completion of the acquisition of the iron ore mines in Mongolia by the Group in December 2009, the principal activity of the Group has been focused on the mining business, particularly the iron mining business in Mongolia. The Mines are in close proximity to the Choir Train Station, where China Railway Mongolia Investment LLC (中鐵蒙古有限責任公司) is assisting the Company to build the docking facility. As such, the Board believes that overall cost can be saved due to lower transportation cost and operational synergy.

Taking into account the above, the Directors consider that the Possible Acquisition provides the Company a good opportunity to extend its iron mining business in Mongolia and to broaden the Group's income stream.

Based on the aforesaid, the Directors are of the opinion that the terms of the Framework Agreement are fair and reasonable and the Possible Acquisition is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

The Possible Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company” or “Purchaser”	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
“Completion”	completion of the Possible Acquisition pursuant to the terms and conditions of the Framework Agreement
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Exploration Permit”	the exploration permit in relation to a Mine located in Dornogobi Province, Mongolia (蒙古國東戈壁省), issued by relevant Mongolia authority
“Framework Agreement”	the framework agreement dated 29 July 2010 entered into between the Company and the Vendor in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, 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 of the Company in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mines”	the two iron ore mines located in Dundgobi Province, Mongolia (蒙古國中戈壁省) and in Dornogobi Province, Mongolia (蒙古國東戈壁省) which is wholly owned by the Target (collectively the “Mines”, each a “Mine”)
“Mining Permit”	the mining permit in relation to a Mine located in Dundgobi Province, Mongolia (蒙古國中戈壁省), issued by relevant Mongolia authority
“PRC”	the People’s Republic of China
“Possible Acquisition”	the possible acquisition of the Sale Capital and the transactions contemplated thereunder
“Reorganisation”	the reorganisation to be conducted through the acquisition of the further 73% equity interests in the Target, as contemplated under the Framework Agreement resulting in controlling 100% equity interests in the Target by the Vendor
“Sale Capital”	100% equity interests of the Target
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	蒙古國泰盛發展有限責任公司 (Taishen Development LLC [#]), a company established in Mongolia
“Vendor”	內蒙古泰盛礦業有限責任公司 (Inner Mongolia Taishen Mining Co., Ltd. [#]), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB”	Renminbi, the lawful currency of the PRC
“MNT”	Mongolian Tugrug, the lawful currency of Mongolia
“US\$”	United States dollars, the lawful currency of the United States of America

In this announcement, amounts in US\$ and RMB are converted into HK\$ on the basis of US\$1=HK\$7.8 and RMB1=HK\$1.15 respectively while amounts in MNT are converted into RMB on the basis of RMB1=MNT200.2. The conversion rates are for indication purpose only and should not be taken as a representation that the relevant currency could actually be converted into HK\$ at that rate or at all.

The English translation of Chinese names or words in this announcement, where indicated, are included for information 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
King Jun Chih, Joseph
Chairman

Hong Kong, 2 August, 2010

As of the date of this announcement, Mr. King Jun Chih, Joseph, Mr. Chan Kwan Hung and Mr. Tse Michael Nam are the 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.