Asia Resources Holdings Limited
亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The Board of Directors (the "Board") of Asia Resources Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively refer to as the "Group") for the six months ended 30 September 2012 together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

		For the six months ended 30 September	
		2012	2011
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**56,787**	58,740
Cost of sales		**(46,459)**	(40,677)
Gross profit		**10,328**	18,063
Other revenue and gains	*5*	**10,879**	28,144
Distribution and selling expenses		**(10,743)**	(15,088)
Administrative expenses		**(11,352)**	(13,095)
Other expenses	*6*	**(129,613)**	(72,526)
Finance costs	*7*	**(14,892)**	(14,033)
Loss before taxation	*8*	**(145,393)**	(68,535)
Taxation	*9*	**–**	(258)
Loss for the period		**(145,393)**	(68,793)

* *For identification purposes only*

	Notes	For the six months ended 30 September 2012 (unaudited) HK$'000	2011 (unaudited) HK$'000
Other comprehensive (loss)/income			
Exchange differences on translating foreign operations		**(885)**	4,043
Other comprehensive (loss)/income for the period, net of tax		**(885)**	4,043
Total comprehensive loss for the period		**(146,278)**	(64,750)
Loss attributable to:			
– Owners of the Company		**(144,781)**	(68,306)
– Non-controlling interests		**(612)**	(487)
		(145,393)	(68,793)
Total comprehensive loss attributable to:			
– Owners of the Company		**(145,666)**	(64,263)
– Non-controlling interests		**(612)**	(487)
		(146,278)	(64,750)
		HK cents	HK cents
Basic and diluted loss per share	*10*	**(3.73)**	(1.81)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Notes	At 30 September 2012 (unaudited) *HK$'000*	At 31 March 2012 (audited) *HK$'000*
Non-current assets			
Property, plant and equipment	*12*	**78,917**	83,411
Prepaid lease payments		**3,956**	4,023
Intangible asset	*13*	**576,334**	576,334
Mining right	*14*	**53,820**	183,433
		713,027	847,201
Current assets			
Inventories		**18,828**	15,054
Trade and bills receivables	*15*	**36,326**	45,688
Prepayments, deposits and other receivables	*16*	**6,372**	6,876
Amount due from non-controlling interest		**734**	738
Tax receivables		**184**	568
Financial assets at fair value through profit or loss		**669**	741
Bank balances and cash		**74,566**	81,815
		137,679	151,480
Current liabilities			
Trade payables	*17*	**8,225**	9,330
Other payables and accruals	*18*	**4,277**	6,807
Amount due to non-controlling interest		**1,450**	1,460
Bank borrowings	*20*	**58,910**	59,048
		72,862	76,645
Net current assets		**64,817**	74,835
Total assets less current liabilities		**777,844**	922,036
Capital and reserves			
Share capital	*19*	**193,937**	193,937
Reserves		**118,482**	264,148
Total equity attributable to owners of the Company		**312,419**	458,085
Non-controlling interests		**257,129**	257,741
Total equity		**569,548**	715,826
Non-current liability			
Convertible notes	*21*	**208,296**	206,210
		777,844	922,036

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This condensed consolidated interim financial information was approved for issue on 27 November 2012. This condensed consolidated interim financial information has not been audited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012, except for the impact of the new and revised Hong Kong Accounting Standards, HKFRSs and interpretations described below.

In the current interim period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 April 2012.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets

The application of the above new HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Impact of new and revised HKFRSs not yet effective

Amendments to HKFRSs	Annual Improvements 2009-2011[2]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2012*

[2] *Effective for annual periods beginning on or after 1 January 2013*

[3] *Effective for annual periods beginning on or after 1 January 2014*

[4] *Effective for annual periods beginning on or after 1 January 2015*

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (the directors of the Company) for the purpose of resource allocation and performance assessment are presented into two segments.

For manufacturing and sale of pharmaceutical products operations, the chief operating decision maker regularly reviews the performance of the sales revenue from pharmaceutical products. These operations have been aggregated into a single operating segment and named "Manufacturing and sales of pharmaceutical products".

For iron ore exploration and exploitation operations, the chief operating decision maker regularly reviews the performance of the iron ore operation in Mongolia. In addition, the Group held a subsidiary in Indonesia which holds an exclusive right to manage, refine and sell the iron sand at the respective iron mine area hold by the non-controlling interest of the subsidiary. These operations have been aggregated into a single operating segment and named "Iron ore exploration, exploitation and trading operations".

There were no inter-segment sales during the six months ended 30 September 2012 (30 September 2011: Nil).

The following is an analysis of the Group's revenue and results by operating segments for the periods:

Six months ended 30 September

	Manufacturing and sales of pharmaceutical products		Iron ore exploration, exploitation and trading operations		Consolidation	
	2012	2011	**2012**	2011	**2012**	2011
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**56,787**	58,740	**–**	–	**56,787**	58,740
Total revenue	**56,787**	58,740	**–**	–	**56,787**	58,740
Segment results	**(6,060)**	(5,287)	**(1,950)**	(1,519)	**(8,010)**	(6,806)
Unallocated corporate expenses						
Other revenue and gains					**176**	17,568
Other expenses					**(129,613)**	(72,526)
Fair value changes on financial assets at fair value through profit or loss					**(72)**	(215)
Fair value changes on convertible notes					**10,703**	10,576
Central administration costs					**(3,685)**	(3,099)
Finance costs					**(14,892)**	(14,033)
Loss before taxation					**(145,393)**	(68,535)
Taxation					**–**	(258)
Loss for the period					**(145,393)**	(68,793)

The following is an analysis of the Group's assets and liabilities by operating segments:

	Manufacturing and sales of pharmaceutical products		Iron ore exploration, exploitation and trading operations		Consolidation	
	At 30 September 2012 (unaudited)	At 31 March 2012 (audited)	**At 30 September 2012 (unaudited)**	At 31 March 2012 (audited)	**At 30 September 2012 (unaudited)**	At 31 March 2012 (audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS						
Segment assets	**141,648**	157,665	**640,229**	768,529	**781,877**	926,194
Unallocated corporate assets					**68,829**	72,487
					850,706	998,681
LIABILITIES						
Segment liabilities	**(69,653)**	(72,557)	**(2,892)**	(2,901)	**(72,545)**	(75,458)
Unallocated corporate liabilities					**(208,613)**	(207,397)
					(281,158)	(282,855)

4. REVENUE

Revenue, which is stated net of value added tax and other sales taxes and returns, represents amounts invoiced to customers for sales of pharmaceutical products during the period.

5. OTHER REVENUE AND GAINS

	For the six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Other revenue		
Interest income on bank deposit	**88**	56
Dividend income from financial assets at fair value through profit or loss	**35**	46
Sundry income	**27**	141
	150	243
Other gains		
Reversal of impairment loss on trade receivables	**–**	758
Fair value change on convertible notes *(note)*	**10,703**	10,576
Gain on disposal of subsidiaries	**–**	16,567
Exchange gain, net	**26**	–
	10,729	27,901
	10,879	28,144

Note:

Included in the fair value change on convertible notes, none (30 September 2011: amount of approximately HK$91,000) was the realised gain upon the conversion of convertible notes during the period.

6. OTHER EXPENSES

	For the six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Provision for impairment loss on mining right *(note 14)*	**129,613**	64,405
Share-based payment expenses	**–**	8,121
	129,613	72,526

7. FINANCE COSTS

	For the six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Imputed interest on convertible notes	**12,789**	11,303
Interest on bank loan repayable within 5 years	**2,103**	2,730
	14,892	14,033

8. LOSS BEFORE TAXATION

	For the six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**7,297**	8,225
Prepaid lease payments	**58**	58
Staff cost (including directors' remuneration)	**9,723**	9,412
Fair value change on financial assets at fair value through profit or loss	**72**	215
Fair value change on convertible notes *(note 5)*	**(10,703)**	(10,576)
Minimum lease payments under operating lease	**660**	352

9. TAXATION

	For the six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current tax		
The PRC enterprise income tax	**–**	258

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group's operation in Hong Kong had no assessable profit for the period.

Subsidiary in the PRC is subject to the PRC Enterprise Income Tax at 25% for the six months ended 30 September 2012 and 2011.

Subsidiary in Mongolia is subject to corporate income tax at 10% for the six months ended 30 September 2012 and 2011.

Subsidiary in Indonesia is subject to corporate income tax at 25% for the six months ended 30 September 2012 and 2011.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	**(144,781)**	(68,306)
	'000 Shares	*'000 Shares*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,878,746**	3,783,336

Diluted loss per share for the six months ended 30 September 2012 was the same as the basic loss per share. The Company's outstanding convertible notes were not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible notes was anti-dilutive.

There was no diluting event existed during the six months ended 30 September 2012.

11. DIVIDENDS

On 27 November 2012, no interim dividend was declared by the Company for the six months ended 30 September 2012 (2011: HK$Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2012, the Group has acquired property, plant and equipment of approximately HK$2,997,000 (30 September 2011: approximately HK$2,711,000) and no disposal of property, plant and equipment (30 September 2011: HK$Nil). No property, plant and equipment was acquired through acquisition of subsidiaries during the period (30 September 2011: HK$Nil).

At 30 September 2012, the Group has pledged certain of its buildings with an aggregate carrying amount of approximately HK$27,224,000 (at 31 March 2012: approximately HK$29,789,000) and plant and machinery amounting to approximately HK$28,876,000 (at 31 March 2012: approximately HK$32,746,000), land use rights amount of approximately HK$3,956,000 (at 31 March 2012: approximately HK$4,139,000) to certain banks to secure the credit facilities grant to the Group.

13. INTANGIBLE ASSET

	Exclusive right *HK$'000* *(note (ii))*	**Total** *HK$'000*
Cost		
At 1 April 2012 (audited) and 30 September 2012 (unaudited)	576,334	576,334
Accumulated amortisation and impairment		
At 1 April 2012 (audited) and 30 September 2012 (unaudited)	–	–
Carrying amount		
At 30 September 2012 (unaudited)	**576,334**	**576,334**
At 31 March 2012 (audited)	576,334	576,334

Notes:

(i) Technical know-how is amortised on a straight-line basis over its estimated useful economic life of five years.

(ii) Exclusive right represents the Deed of Statement and Power of Attorney dated 12 September 2009 and made between PT. Indo Modern Mining Sejahtera ("Indo"), the holder of the operation license in the mining area located in Lumajang, East Java, Indonesia, and PT Dampar Golden International ("PT Dampar"), pursuant to which, Indo grants exclusive rights and authorities to PT Dampar to manage and arrange all activities in the mining area on behalf of Indo.

Exclusive right is amortised on a straight-line basis over its estimated useful economic life. The useful economic life of the exclusive rights was estimated with reference to the validity of the operation license held by Indo. The operation license was valid for ten years from 21 July 2010 and the holder was entitled to apply for renewal for two times with a 10-year term each.

No amortisation was provided for the period ended 30 September 2012 as the iron ore mining operation has not yet been commenced during this period.

The directors of the Company have assessed the recoverable amount of the exclusive right, which exceeds its carrying amount and therefore no impairment loss was recognised during the period.

14. MINING RIGHT

	HK$'000
Cost	
At 1 April 2012 (audited) and 30 September 2012 (unaudited)	260,015
Accumulated amortisation and impairment	
At 1 April 2012 (audited)	(76,582)
Impairment loss recognised during the period *(note 6)*	(129,613)
At 30 September 2012 (unaudited)	(206,195)
Carrying amount	
At 30 September 2012 (unaudited)	**53,820**
At 31 March 2012 (audited)	183,433

The mining right represents the right to conducting mining activities in Tumurtei, Khuder Soum, Selenge Aimag, Mongolia.

The mining right is amortised using the unit-of-production method based on the total proven and probable mineral reserves, under the assumption that the Group can renew the mining right indefinitely till all proven and probable mineral reserves have been mined.

No amortisation was provided for the period ended 30 September 2012 as commercial production of the mine has not yet commenced during the period.

The Group is required to assess any indication of impairment at the end of each reporting period. The Group has completed its semi-annual impairment test for the mining right by comparing the recoverable amount of the mining right to its carrying amount as at 30 September 2012. Impairment loss in respect of mining right of approximately HK$129,613,000 (30 September 2011: HK$64,405,000) was recognised during the period ended 30 September 2012 by reference to the valuation report issued by an independently qualified professional valuer, as at 30 September 2012 which the mining right has been measured by the value in use calculation. Impairment loss recognised is due to the delay of its business plan related to the mining right and the drop in iron price forecast.

15. TRADE AND BILLS RECEIVABLES

	At 30 September 2012 (unaudited)	At 31 March 2012 (audited)
	HK$'000	*HK$'000*
Trade receivables	**44,719**	56,911
Less: accumulated impairment	**(15,220)**	(15,256)
	29,499	41,655
Bills receivable discounted/endorsed with recourse	**6,827**	4,033
	36,326	45,688

Payment terms with customers are mainly on credit. Invoices are normally settled within 90 days to 180 days of issuance, except for certain well established customers. The following is an aged analysis of trade receivables, net of impairment losses, and bills receivable discounted/endorsed with recourse at the respective reporting date:

	At 30 September 2012 (unaudited) ***HK$'000***	At 31 March 2012 (audited) *HK$'000*
0 to 90 days	**24,590**	23,626
91 to 180 days	**5,604**	10,983
181 to 365 days	**5,769**	9,358
1 to 2 years	**363**	1,721
	36,326	45,688

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2012 (unaudited) ***HK$'000***	At 31 March 2012 (audited) *HK$'000*
Deposits paid	**423**	424
Prepayments	**4,036**	4,542
Other receivables	**1,798**	1,794
Prepaid lease payments	**115**	116
	6,372	6,876

17. TRADE PAYABLES

	At 30 September 2012 (unaudited) *HK$'000*	At 31 March 2012 (audited) *HK$'000*
Trade payables	**8,225**	9,330

The following is an aged analysis of trade payables at the respective reporting date:

	At 30 September 2012 (unaudited) *HK$'000*	At 31 March 2012 (audited) *HK$'000*
0 to 90 days	**6,011**	6,282
91 to 180 days	**443**	274
181 to 365 days	**627**	775
Over 365 days	**1,144**	1,999
	8,225	9,330

The average credit period on purchases is 3 months (31 March 2012: 3 months).

18. OTHER PAYABLES AND ACCRUALS

	At 30 September 2012 (unaudited) *HK$'000*	At 31 March 2012 (audited) *HK$'000*
Value-add tax payables	**188**	188
Accruals	**457**	1,330
Other payables	**3,632**	5,289
	4,277	6,807

19. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised:		
Ordinary share of HK$0.05 each		
At 1 April 2012 (audited) and 30 September 2012 (unaudited)	10,000,000,000	500,000
Issued and fully paid:		
Ordinary share of HK$0.05 each		
At 1 April 2012 (audited) and 30 September 2012 (unaudited)	**3,878,745,758**	**193,937**

20. BANK BORROWINGS

	At 30 September 2012 (unaudited) ***HK$'000***	At 31 March 2012 (audited) *HK$'000*
Bank borrowings		
– secured	**58,910**	59,048
The borrowings are repayable as follows:		
Within one year	**58,910**	59,048
In the second year	**–**	–
	58,910	59,048
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(58,910)**	(59,048)
Amount due for settlement after 12 months	**–**	–
Borrowing at:		
– floating rate	**58,910**	59,048

The carrying amounts of the Group's bank borrowings are all originally denominated in RMB, which is the functional currency of the group entity.

The contractual floating interest rates in respect of bank borrowings were within the following ranges:

	At 30 September 2012 (unaudited)	At 31 March 2012 (audited)
Bank borrowings	**7.2%**	6.9% – 7.9%

21. CONVERTIBLE NOTES

On 29 September 2010, the Company issued convertible notes due on 28 September 2017 with a principal amount of HK$546,750,000, which is interest free. The convertible notes were issued as part of the consideration for acquisition of PT Dampar. The convertible notes contain two components, liability and equity elements, and are convertible into fully paid ordinary shares with a par value of HK$0.05 each of the Company at an initial conversion price of HK$0.1863 per share, subject to adjustment. The convertible notes are not redeemable by the note holder or the Company.

The movement of the liability component of the convertible notes for the period is set out below:

	HK$'000
At 1 April 2012 (audited)	206,210
Interest expense *(note 7)*	12,789
Fair value changes *(note 5)*	(10,703)
At 30 September 2012 (unaudited)	**208,296**

The fair value of the convertible notes issued has been arrived on the basis of a valuation carried out on the date of issue, the dates of conversion and at the end of the reporting period by independent professional valuers not connect with the Group. At 30 September 2012, the effective interest rate was 13.46%.

22. SHARE OPTIONS

On 12 July 2011, the Company had granted 140,500,000 share options to directors, employees and other affiliates under the share option scheme adopted by the Company on 14 January 2002 (the "2002 Share Option Scheme").

The 2002 Share Option Scheme has been terminated on 9 August 2011 and a new share option scheme (the "2011 Share Option Scheme") was adopted by the Company on 9 August 2011.

At 30 September 2012, the number of shares in respect of which share options remained outstanding under the 2002 Share Option Scheme was 133,500,000, representing 3.4% of the shares of the Company in issue at that date.

Details of specific categories of options are as follows:

						Number of share options					
	Date of grant	Exercisable period	Exercisable price per share	Fair value at grant date	Closing price of the Company's share at grant date	Outstanding at 1 April 2012 (audited)	Granted during the period (unaudited)	Exercised during the period (unaudited)	Lapsed during the period (unaudited)	Cancelled during the period (unaudited)	Outstanding at 30 September 2012 (unaudited)
			HK$	*HK$*	*HK$*						
Category 1: Directors	12 July 2011	12 July 2011 – 11 July 2021	0.071	0.0578	0.071	94,500,000	–	–	(7,000,000)	–	87,500,000
Category 2: Employees	12 July 2011	12 July 2011– 11 July 2021	0.071	0.0578	0.071	24,000,000	–	–	–	–	24,000,000
Category 3: Other affiliates	12 July 2011	12 July 2011 – 11 July 2021	0.071	0.0578	0.071	22,000,000	–	–	–	–	22,000,000
Total for all categories						140,500,000	–	–	(7,000,000)	–	133,500,000

23. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2012.

24. CAPITAL COMMITMENTS

Details of the Group's capital commitments are as follows:

	At 30 September 2012 (unaudited)	At 31 March 2012 (audited)
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment	**1,289**	–

25. EVENT AFTER THE REPORTING PERIOD

On 3 August 2012, the Group entered into a settlement agreement (the "Settlement Agreement") with Mr. Zhou Yu Kang ("Mr. Zhou"), relating to the partial settlement of the amount receivable on disposal of an associate (the "Outstanding Balance") during the year ended 31 March 2008.

Pursuant to the terms and conditions of the Settlement Agreement, Mr. Zhou shall jointly and severally repay the Outstanding Balance to the Company. Such repayment shall take effect by (i) Mr. Zhou transferring the entire share capital to the Group so that the Group will legally own the land use rights of the properties located in the PRC through Conmet International Real Estate Limited, a company incorporated in the British Virgin Islands with limited liabilities, and (ii) the repayment of the remaining of the Outstanding Balance, being the difference of the Outstanding Balance of approximately HK$64,000,000 less the valuation of the properties of approximately HK$40,988,000 as agreed between the parties to the Settlement Agreement which equals to the amount of approximately HK$23,012,000, by Mr. Zhou to the Company within 24 months from the date of the share transfer agreement by means of cash or other means as the parties may agree from time to time.

The transaction was not yet completed on the date of authorization of the report.

26. RELATED PARTY TRANSACTIONS

The Group has the following significant transactions with related parties during the period:

	For the six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Key management compensation		
Short-term benefits	**1,202**	1,041
Post employment benefits	**20**	12
Share-based payment expenses	**–**	4,884
	1,222	5,937
Management service income received from a related company	**27**	141
	1,249	6,078

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

For the six months ended 30 September 2012, the turnover of the Group mainly generated from its principal business of pharmaceutical operation, amounting to approximately HK$56.8 million (2011: approximately HK$58.7 million) and representing a decrease of approximately 3.3% as compared to the corresponding period last year.

Correspondingly, the gross profit of the Group for the six months ended 30 September 2012 dropped to approximately HK$10.3 million (2011: approximately HK$18.1 million). Gross profit margin decreased to approximately 18.19% (2011: approximately 30.8%) as compared to the same period last year.

For the six months ended 30 September 2012, the net loss attributable to owners of the Company, amounted to approximately HK$144.8 million (2011: net loss of approximately HK$68.3 million), which was mainly due to a further substantial decrease in fair value of the Mongolia Mining Right of approximately HK$129.6 million in accordance with the valuation report of an Independent Valuer.

Basic and diluted loss per share was 3.73 HK cents for the six months ended 30 September 2012 (six months ended 30 September 2011: basic and diluted loss per share of 1.81 HK cents).

Pharmaceutical Operation

During the period under review, the market environment of the Pharmaceutical Operation continued to be extremely competitive. Selling prices had declined substantially. The production cost of intravenous fluid remained high. Under these circumstances, the profit margin of this business had been further narrowed. As a result, this segment recorded a loss of approximately HK$6.1 million as compared to a loss of approximately HK$5.3 million in the same period last year.

The Group will continue soliciting new customers to further expand its sales geographically. The Group will focus on improving the product quality and to strengthen its capability of serving both existing and new customers.

Iron Ore Mining Operation

Mongolia Iron Mine

In early 2012, the company has engaged a geology survey team to conduct an updated feasibility study and environmental assessment report of the exploration activity to the Mongolia Iron Mine. In conducting the feasibility report, drilling work was carrying out during the period under review; and the core will then be delivered to laboratory for analysis.

Once assessment works are completed, the reports will be submitted to the Department of Environmental Natural Resources of the Ministry of Environment and Tourism of Mongolia for approval. These reports will also be one of the base for the Group to re-consider the overall operating strategy for the mining business in Mongolia.

As at the date of this report, both the feasibility study and environmental assessment reports are not yet available. Business plan was delayed further.

As a result of the further delay in business plan and the significant drop in iron price forecast, a significant decrease in fair value of the Mining Right of approximately HK$129.6 million was recognised during the period ended 30 September 2012 in accordance with the valuation report of an Independent Valuer.

Indonesia Mine

Following the change in the Indonesia Mining Law in late February 2012, PT. Dampar Golden International ("PT. Dampar") had commenced its application for the "grace period" to export processed iron sand under a quota system through the mine owner, PT. Indo Modern Mining Sejahtera ("PT. Indo"). As at the date hereof, PT. Dampar is still waiting for the allocation of the relevant quota from PT. Indo.

During the period under review, PT. Dampar had also submitted an application to the local Government of Lumajang to apply for an IUP OPK mining licence for processing. Relevant studies and reports required in the application had been submitted to the Lumajang Government for approval, which has still not yet been obtained.

Whilst the above two applications were in progress, the Group had decided to order additional machineries in order to improve the quality of the iron sand. The ball mills and the additional weak magnetic separators are expected to improve the iron ("Fe") content of the processed ore so as to increase the bargaining power in selling price. The additional equipment will be shipped to Indonesia. Production using the new equipment is expected to commence in early 2013.

Overall speaking, the iron ore mining operation segment recorded a loss of approximately HK$2.0 million for the period ended 30 September 2012 (2011: approximately HK$1.5 million). The loss was mainly comprised of administrative expenses.

INTERIM DIVIDEND

The Board of directors has resolved not to declare an interim dividend for the six months ended 30 September 2012 (2011: HK$Nil).

CAPITAL STRUCTURE

Shareholders' equity decreased to approximately HK$312,419,000 as at 30 September 2012 from approximately HK$458,085,000 as at 31 March 2012. As at 30 September 2012, the short term and long term interest bearing debts to shareholders' equity was approximately 18.9% (at 31 March 2012: approximately 12.9%).

MATERIAL ACQUISITION AND DISPOSAL

During the period under review, there was no material acquisitions or disposals of subsidiaries or associates of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2012, the Group had total assets of approximately HK$850,706,000 (at 31 March 2012: approximately HK$998,681,000) which was financed by current liabilities of approximately HK$72,862,000 (at 31 March 2012: approximately HK$76,645,000), non-current liabilities of approximately HK$208,296,000 (at 31 March 2012: approximately HK$206,210,000), non-controlling interests of approximately HK$257,129,000 (at 31 March 2012: HK$257,741,000) and shareholders' equity of HK$312,419,000 (at 31 March 2012: approximately HK$458,085,000).

As at 30 September 2012, the Group's current ratio was approximately 1.89 (at 31 March 2012: approximately 1.98); and gearing ratio, representing the total bank borrowings divided by the shareholders' equity, was approximately 18.9% (at 31 March 2012: approximately 12.9%). The total outstanding borrowings of the Group as at 30 September 2012 were denominated in Renminbi, of which 100% borrowings was interest-bearing with variable rates (at 31 March 2012: approximately 50% borrowings was interest-bearing with variable rates, while interest of the remaining balances was calculated on fixed interest rates).

As at 30 September 2012, certain buildings with aggregate carrying amount of approximately HK$27,224,000 (at 31 March 2012: approximately HK$29,789,000), plant and machinery amounting to approximately HK$28,876,000 (at 31 March 2012: approximately HK$32,746,000), land use rights amount of approximately HK$3,956,000 (at 31 March 2012: approximately HK$4,139,000) had been pledged to secure banking facilities granted to the Group.

As at 30 September 2012, the Group had no material capital commitment and contingent liabilities.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong Dollars, US Dollars and Renminbi which have been relatively stable during the period. The Group was not exposed to material exchange risk and had not employed any financial instruments for hedging purposes.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2012, the Group has approximately 469 employees in Hong Kong, Mongolia, Indonesia and the PRC. Remuneration packages are generally structured accordingly to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits and sponsored employees in different training and continuous education programs.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the six months ended 30 September 2012.

CORPORATE GOVERNANCE PRACTICES

The Group has established a formal and transparent procedure to protect the interests of the shareholders of the Group. The Group regularly reviews the corporate governance procedures and developments of the Group. The Group applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the period under review, except that:

Under the code provision A.2.1, the roles of chairman and chief executive officer ("CEO") of the Group should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Group should be clearly established and set out in writing. The roles of the chairman and the CEO of the Group was not separated and was performed by the same individual, Mr. Chim Kim Lun, Ricky acted as both the chairman and CEO throughout the period under review. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry of all directors, that they have fully complied with the required standards set out in the Model Code throughout the six months ended 30 September 2012.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting standards and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2012.

PUBLICATION OF OTHER FINANCIAL INFORMATION

Other financial information containing all the information required by Appendix 16 of the Listing Rules will be available on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Companies Information" and the Company's websites on www.asiaresources899.com and www.aplushk.com/clients/0899asiaresources in due course.

By Order of the Board
Asia Resources Holdings Limited
Chim Kim Lun, Ricky
Chairman

Hong Kong, 27 November 2012

As at the date of this announcement, the Board consists of three executive directors, Mr. Chim Kim Lun, Ricky, Mr. Cheung Kai Kwong and Mr. Yeung Yiu Bong, Anthony; one non-executive director, Mr. Tong Leung Sang; and three independent non-executive directors, Mr. Zhang Xianlin, Mr. Lum Pak Sum and Mr. Kwok Hong Yee, Jesse.