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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 2013

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 2013 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 2013

		For the six months ended 30 September	
		2013	2012
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	56,022	56,787
Cost of sales		(48,202)	(46,459)
Gross profit		7,820	10,328
Other revenue and gains	5	9,385	10,879
Distribution and selling expenses		(10,966)	(10,743)
Administrative expenses		(14,259)	(11,352)
Other expenses	6	(39,452)	(129,613)
Finance costs	7	(7,412)	(14,892)
Loss before taxation	8	(54,884)	(145,393)
Taxation	9	–	–
Loss for the period		<u>(54,884)</u>	<u>(145,393)</u>

* *For identification purposes only*

		For the six months ended	
		30 September	
		2013	2012
		(unaudited)	(unaudited)
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive loss			
Item that may be reclassified			
subsequently to profit or loss:			
Exchange differences on translating foreign			
operations			
		<u>(818)</u>	<u>(885)</u>
Other comprehensive loss			
for the period, net of tax			
		<u>(818)</u>	<u>(885)</u>
Total comprehensive loss for the period			
		<u>(55,702)</u>	<u>(146,278)</u>
Loss attributable to:			
– Owners of the Company			
		<u>(36,066)</u>	(144,781)
– Non-controlling interests			
		<u>(18,818)</u>	<u>(612)</u>
		<u>(54,884)</u>	<u>(145,393)</u>
Total comprehensive loss attributable to:			
– Owners of the Company			
		<u>(37,470)</u>	(145,666)
– Non-controlling interests			
		<u>(18,232)</u>	<u>(612)</u>
		<u>(55,702)</u>	<u>(146,278)</u>
		<i>HK\$</i>	<i>HK\$</i>
			(restated)
Basic and diluted loss per share	<i>10</i>	<u>(0.16)</u>	<u>(0.93)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	At 30 September 2013 (unaudited) HK\$'000	At 31 March 2013 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	12	116,790	77,676
Investment properties		–	40,877
Prepaid lease payments		3,953	3,935
Intangible asset	13	536,881	576,334
Mining right	14	–	–
		657,624	698,822
Current assets			
Inventories		15,175	17,514
Trade and bills receivables	15	40,322	34,850
Prepayments, deposits and other receivables	16	15,000	11,744
Amount due from a non-controlling shareholder		585	696
Tax recoverable		1,160	572
Financial assets at fair value through profit or loss		15,976	11,682
Bank balances and cash		43,371	73,471
		131,589	150,529
Current liabilities			
Trade payables	17	11,386	10,514
Other payables and accruals	18	5,396	7,965
Amount due to a non-controlling shareholder		1,157	1,377
Bank borrowings	20	60,660	59,472
Short-term interest bearing borrowings		3,033	21,869
		81,632	101,197
Net current assets		49,957	49,332
Total assets less current liabilities		707,581	748,154
Capital and reserves			
Share capital	19	67,500	193,937
Reserves		401,750	67,085
Total equity attributable to owners of the Company		469,250	261,022
Non-controlling interests		238,331	256,563
Total equity		707,581	517,585
Non-current liability			
Convertible notes	21	–	230,569
		707,581	748,154

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim 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 (the “HKICPA”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This condensed consolidated interim financial information was approved for issue on 28 November 2013. 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 2013, 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 2013.

Amendments to HKFRSs	Annual Improvements 2009-2011
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities

HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised 2011)	Investments in Associates and Joint Venture
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 9	Financial Instruments ²
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

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

² *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 2013 (30 September 2012: 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	
	2013	2012	2013	2012	2013	2012
	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>
Segment revenue:						
Sales to external customers	<u>50,206</u>	<u>56,787</u>	<u>5,816</u>	<u>–</u>	<u>56,022</u>	<u>56,787</u>
Total revenue	<u>50,206</u>	<u>56,787</u>	<u>5,816</u>	<u>–</u>	<u>56,022</u>	<u>56,787</u>
Segment results	<u>(6,762)</u>	<u>(6,060)</u>	<u>(2,913)</u>	<u>(1,950)</u>	<u>(9,675)</u>	<u>(8,010)</u>
Unallocated corporate expenses						
Other revenue and gains					1,466	176
Other expenses					(39,452)	(129,613)
Fair value changes on financial assets at fair value through profit or loss					(1,027)	(72)
Fair value changes on convertible notes					7,919	10,703
Central administration costs					(6,703)	(3,685)
Finance costs					<u>(7,412)</u>	<u>(14,892)</u>
Loss before taxation					(54,884)	(145,393)
Taxation					<u>–</u>	<u>–</u>
Loss for the period					<u>(54,884)</u>	<u>(145,393)</u>

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 2013 (unaudited) HK\$'000	At 31 March 2013 (audited) HK\$'000	At 30 September 2013 (unaudited) HK\$'000	At 31 March 2013 (audited) HK\$'000	At 30 September 2013 (unaudited) HK\$'000	At 31 March 2013 (audited) HK\$'000
ASSETS						
Segment assets	134,832	162,893	557,211	587,736	692,043	750,629
Unallocated corporate assets					97,170	98,722
					789,213	849,351
LIABILITIES						
Segment liabilities	(77,282)	(97,154)	(3,308)	(2,836)	(80,590)	(99,990)
Unallocated corporate liabilities					(1,042)	(231,776)
					(81,632)	(331,766)

4. REVENUE

	For the six months ended	
	30 September 2013 HK\$'000	2012 HK\$'000
Sale of pharmaceutical products	50,206	56,787
Sale of iron sand	5,816	—
	56,022	56,787

5. OTHER REVENUE AND GAINS

	For the six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other revenue		
Interest income on bank deposit	61	88
Realised gain on disposal of financial assets at fair value through profit or loss	62	–
Dividend income from financial assets at fair value through profit or loss	557	35
Sundry income	22	27
	<u>702</u>	<u>150</u>
Other gains		
Fair value change on convertible notes (<i>note</i>)	7,919	10,703
Exchange gain, net	764	26
	<u>8,683</u>	<u>10,729</u>
	<u><u>9,385</u></u>	<u><u>10,879</u></u>

Note:

Included in the fair value change on convertible notes, amount of approximately HK\$7,919,000 (30 September 2012: HK\$Nil) was the realised gain upon the conversion of convertible notes during the period.

6. OTHER EXPENSES

	For the six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets (<i>note 13</i>)	39,452	–
Provision for impairment loss on mining right (<i>note 14</i>)	–	129,613
	<u>39,452</u>	<u>129,613</u>
	<u>39,452</u>	<u>129,613</u>

7. FINANCE COSTS

	For the six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Imputed interest on convertible notes	5,046	12,789
Interest on bank loan repayable within 5 years	2,366	2,103
	<u>7,412</u>	<u>14,892</u>
	<u>7,412</u>	<u>14,892</u>

8. LOSS BEFORE TAXATION

	For the six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	6,941	7,297
Prepaid lease payments	86	58
Staff cost (including directors' remuneration)	10,107	9,723
Fair value change on financial assets at fair value through profit or loss	1,027	72
Fair value change on convertible notes (<i>note 5</i>)	(7,919)	(10,703)
Minimum lease payments under operating lease	633	660
Exchange gain	(764)	(26)
	<u> </u>	<u> </u>

9. TAXATION

	For the six months ended	
	30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax		
The PRC enterprise income tax	<u> </u>	<u> </u>

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 2013 and 2012.

Subsidiary in Mongolia is subject to corporate income tax at 10% (subject to the result of the subsidiary) for the six months ended 30 September 2013 and 2012.

Subsidiary in Indonesia is subject to corporate income tax at 25% for the six months ended 30 September 2013 and 2012.

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	
	2013	2012
	(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	<u>(36,066)</u>	<u>(144,781)</u>
	<i>'000 Shares</i>	<i>'000 Shares</i> (Restated)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>223,948</u>	<u>155,150</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the six months ended 30 September 2013 and 2012 have been adjusted for the effect of the completion of Capital Reorganisation (as defined in note 19) on 3 June 2013. The adjustment of Capital Reorganisation has been reflected retrospectively by restating the opening number of ordinary shares at 1 April 2012.

Diluted loss per share for the six months ended 30 September 2013 and 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 2013 and 2012.

11. DIVIDENDS

On 28 November 2013, no interim dividend was declared by the Company for the six months ended 30 September 2013 (2012: HK\$Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group has acquired property, plant and equipment of approximately HK\$4,848,000 (30 September 2012: approximately HK\$2,997,000) and no disposal of property, plant and equipment (30 September 2012: HK\$Nil). Investment properties with a net carrying value of approximately HK\$40,877,000 were transferred to own-occupied properties during the six months ended 30 September 2013.

At 30 September 2013, the Group has pledged certain of its buildings with an aggregate carrying amount of approximately HK\$26,587,000 (at 31 March 2013: approximately HK\$27,229,000) and plant and machinery amounting to approximately HK\$24,110,000 (at 31 March 2013: approximately HK\$25,145,000), land use rights amount of approximately HK\$3,954,000 (at 31 March 2013: approximately HK\$4,051,000) to certain banks to secure the credit facilities grant to the Group.

13. INTANGIBLE ASSET

	Exclusive right HK\$'000 (note)	Total HK\$'000
Cost		
At 1 April 2013 (audited) and 30 September 2013 (unaudited)	<u>576,334</u>	<u>576,334</u>
Accumulated amortisation and impairment		
At 1 April 2013 (audited)	–	–
Charge for the period	<u>39,453</u>	<u>39,453</u>
At 30 September 2013 (unaudited)	<u>39,453</u>	<u>39,453</u>
Carrying amount		
At 30 September 2013 (unaudited)	<u><u>536,881</u></u>	<u><u>536,881</u></u>
At 31 March 2013 (audited)	<u>576,334</u>	<u>576,334</u>

Note:

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.

Amortisation was provided for the period ended 30 September 2013, the capitalised cost of the exclusive right was amortised over the remaining period of the licence as from 1 April 2013 to 20 July 2020. No amortisation was provided for the period ended 30 September 2012, as the iron ore mining operation has not yet been commenced during that 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

	<i>HK\$'000</i>
Cost	
At 1 April 2013 (audited) and 30 September 2013 (unaudited)	<u>260,015</u>
Accumulated amortisation and impairment	
At 1 April 2013 (audited)	(260,015)
Impairment loss recognised during the period (<i>note 6</i>)	<u>–</u>
At 30 September 2013 (unaudited)	<u>(260,015)</u>
Carrying amount	
At 30 September 2013 (unaudited)	<u><u>–</u></u>
At 31 March 2013 (audited)	<u><u>–</u></u>

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 six months ended 30 September 2013 and 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 31 March 2013 and 2012. With reference to the valuation report issued by an independent qualified professional valuer, as at 30 September 2012 which the mining right has been measured by the value in use calculation, an impairment loss of approximately HK\$129,613,000 was recognised during the six months ended 30 September 2012.

On 24 December 2012, the Group has received a letter dated 18 December 2012 from the Ministry of Environment and Green Development of Mongolia (the “Ministry”), notifying the Group that the iron mining licence is located within the protected area (the “Protected Area”). The Board subsequently sought for advice from legal advisers as to Mongolia laws and received legal opinion on 31 December 2012, 10 January 2013 and 7 June 2013, and was advised that although the license fee up to 14 December 2013 is paid and there is no outstanding fees encumbrances and third party interests over the iron mining licence, according to the provisions of a new law on “Prohibition of mining and exploration activities in river heads and banks, water basins and forests”, the iron mining licence is subject to the new law and shall be cancelled since the Mongolia Mine is located in the Protected Area. However, no effective date of such cancellation is advised and the board of directors of the Company is in the course of seeking further clarification from the Ministry. As for the abovementioned issues, the Group had fully impaired the mining right during the year ended 31 March 2013 since there is no commercial value. As there was no further incident to indicate any change of the abovementioned issues, the board of directors of the Company considered there was no reversal of impairment in respect of the mining right during the six months ended 30 September 2013.

15. TRADE AND BILLS RECEIVABLES

	At 30 September 2013 (unaudited) HK\$'000	At 31 March 2013 (audited) HK\$'000
Trade receivables	45,348	44,104
<i>Less: accumulated impairment</i>	<u>(17,551)</u>	<u>(17,208)</u>
	27,797	26,896
Bills receivable discounted/endorsed with recourse	<u>12,525</u>	<u>7,954</u>
	<u>40,322</u>	<u>34,850</u>

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 2013 (unaudited) HK\$'000	At 31 March 2013 (audited) HK\$'000
0 to 90 days	35,028	23,290
91 to 180 days	4,318	8,044
181 to 365 days	976	3,516
Over 365 days	—	—
	<u>40,322</u>	<u>34,850</u>

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2013 (unaudited) HK\$'000	At 31 March 2013 (audited) HK\$'000
Amount receivable on disposal of an associate	23,012	23,012
Deposits paid	422	421
Prepayments	10,844	7,038
Other receivables	3,691	4,243
Prepaid lease payments	119	116
	<u>38,088</u>	<u>34,830</u>
<i>Less: Impairment recognized</i>	<u>(23,088)</u>	<u>(23,086)</u>
	<u>15,000</u>	<u>11,744</u>

17. TRADE PAYABLES

	At 30 September 2013 (unaudited) <i>HK\$'000</i>	At 31 March 2013 (audited) <i>HK\$'000</i>
Trade payables	<u>11,386</u>	<u>10,514</u>

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

	At 30 September 2013 (unaudited) <i>HK\$'000</i>	At 31 March 2013 (audited) <i>HK\$'000</i>
0 to 90 days	9,199	8,228
91 to 180 days	449	737
181 to 365 days	323	67
Over 365 days	<u>1,415</u>	<u>1,482</u>
	<u>11,386</u>	<u>10,514</u>

The average credit period on purchases is 3 months (31 March 2013: 3 months).

18. OTHER PAYABLES AND ACCRUALS

	At 30 September 2013 (unaudited) <i>HK\$'000</i>	At 31 March 2013 (audited) <i>HK\$'000</i>
Value-add tax payables	–	1,095
Accruals	2,098	1,405
Other payables	<u>3,298</u>	<u>5,465</u>
	<u>5,396</u>	<u>7,965</u>

19. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
Ordinary share of HK\$0.05 each		
At 1 April 2013 (audited)	10,000,000,000	500,000
Capital reorganisation	<u>(8,000,000,000)</u>	<u>–</u>
Ordinary share of HK\$0.25 each		
At 30 September 2013 (unaudited)	<u>2,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary share of HK\$0.05 each		
At 1 April 2013 (audited)	3,878,745,758	193,937
Conversion of convertible notes (<i>note (a), (c)</i>)	1,120,877,509	64,219
Capital reorganisation (<i>note (b)</i>)	(4,760,395,928)	(198,349)
Issue of share (<i>note (d)</i>)	<u>30,772,661</u>	<u>7,693</u>
Ordinary share of HK\$0.25 each		
At 30 September 2013 (unaudited)	<u>270,000,000</u>	<u>67,500</u>

Notes:

- (a) On 13 May 2013, the holders of the convertible notes converted convertible notes of HK\$201,204,000 into 1,080,000,000 ordinary shares with par value of HK\$0.05 at a conversion price of HK\$0.1863.
- (b) Pursuant to a special resolution passed at a special general meeting held on 31 May 2013, the Company effected the capital reorganisation (“Capital Reorganisation”) which became effective on 3 June 2013 and involved (i) the consolidation of every twenty-five issued and unissued shares with a par value of HK\$0.05 each into one consolidated share; (ii) the reduction of issued share capital whereby the par value of each issued consolidated shares will be reduced from HK\$1.25 to HK\$0.25 by cancelling the paid-up capital to the extent of HK\$1.00 on each of the consolidated shares to a reduced share of HK\$0.25 each; (iii) transfer of the credit arising from the capital reduction to the contributed surplus account of the Company; (iv) the sub-division of each unissued consolidated share into five reduced shares of HK\$0.25 each.

- (c) On 25 June 2013, the holders of the convertible notes converted convertible notes of HK\$190,387,000 into 40,877,509 ordinary shares with par value of HK\$0.25 at a conversion price of HK\$4.6575 (adjusted to reflect the effect of Capital Reorganisation).
- (d) On 12 July 2013, the Company entered into a placing agreement (the “Placing Agreement”) with a placing agent, an independent third party. On 23 July 2013 the placing was completed. Pursuant to the Placing Agreement, the Company issued a total of 30,772,661 ordinary shares with par value of HK\$0.25 each at a price of HK\$0.60 each.

20. BANK BORROWINGS

	At 30 September 2013 (unaudited) <i>HK\$'000</i>	At 31 March 2013 (audited) <i>HK\$'000</i>
Bank borrowings		
– secured	<u><u>60,660</u></u>	<u><u>59,472</u></u>
The borrowings are repayable as follows:		
Within one year	60,660	59,472
In the second to fifth years	<u>–</u>	<u>–</u>
	60,660	59,472
<i>Less: Amount due for settlement within 12 months</i> (shown under current liabilities)	<u><u>(60,660)</u></u>	<u><u>(59,472)</u></u>
Amount due for settlement after 12 months	<u><u>–</u></u>	<u><u>–</u></u>
Borrowing at:		
– floating rate	<u><u>60,660</u></u>	<u><u>59,472</u></u>

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 2013 (unaudited)	At 31 March 2013 (audited)
Bank borrowings	<u><u>6.6%</u></u>	<u><u>7.2%</u></u>

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:

	<i>HK\$'000</i>
At 1 April 2013 (audited)	230,569
Interest expense (<i>note 7</i>)	5,046
Converted into shares during the period	(227,696)
Fair value changes (<i>note 5</i>)	<u>(7,919)</u>
At 30 September 2013 (unaudited)	<u><u>-</u></u>

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 connected with the Group. During the six months ended 30 September 2013, the effective interest rates were in the range of 12.5% to 14.12%.

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.

During the period ended 30 September 2013, the Company had undertaken the Capital Reorganisation effective on 3 June 2013, details disclosed in note 19(b).

At 30 September 2013, the number of shares in respect of which share options remained outstanding under the 2002 Share Option Scheme was 3,980,000, representing 1.47% of the shares of the Company in issue at that date.

Details of specific categories of options are as follows:

	Date of grant	Exercisable period	Adjusted exercise price per share after completion of Capital Reorganisation		Fair value at grant date	Closing price of the Company's share at grant date	Outstanding at 1 April 2013 (audited)	Adjustment during the period upon completion of Capital Reorganisation (unaudited)	Number of share options				Outstanding at 30 September 2013 (unaudited)
			Exercisable price per share	Completion of Capital Reorganisation					Granted during the period (unaudited)	Exercised during the period (unaudited)	Lapsed during the period (unaudited)	Cancelled during the period (unaudited)	
			HK\$	HK\$	HK\$	HK\$							
Category 1: Directors	12 July 2011	12 July 2011 – 11 July 2021	0.071	1.775	0.0578	0.071	97,500,000	(93,600,000)	-	-	(1,280,000)	-	2,620,000
Category 2: Employees	12 July 2011	12 July 2011 – 11 July 2021	0.071	1.775	0.0578	0.071	22,000,000	(21,120,000)	-	-	-	-	880,000
Category 3: Other affiliates	12 July 2011	12 July 2011 – 11 July 2021	0.071	1.775	0.0578	0.071	12,000,000	(11,520,000)	-	-	-	-	480,000
Total for all categories							131,500,000	(126,240,000)	-	-	(1,280,000)	-	3,980,000

23. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2013.

24. CAPITAL COMMITMENTS

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

	At 30 September 2013 (unaudited) <i>HK\$'000</i>	At 31 March 2013 (audited) <i>HK\$'000</i>
Renovation contract	1,011	–
Acquisition of property, plant and equipment	<u>598</u>	<u>–</u>
	<u>1,609</u>	<u>–</u>

25. EVENTS AFTER THE REPORTING PERIOD

- (a) Reference is made to the announcements of the Company dated 15 August 2013, 16 September 2013, 24 October 2013, 15 November 2013 and the circular dated 16 September 2013.

On 3 October 2013, an ordinary resolution was duly passed by the shareholders at a special general meeting of the Company, approving, inter alia, the proposed issuance of placing of convertible notes of up to an aggregate principal amount of HK\$535,500,000 pursuant to a placing agreement entered into between the Company and the placing agent on 15 August 2013.

The conversion price is HK\$0.35 per conversion share (subject to adjustment in accordance with the terms and conditions of the convertible notes).

The said HK\$535,500,000 convertible notes due 2015 comprised (i) Tranche 1 zero coupon convertible notes with the principal amount of HK\$185,500,000 (“Tranche 1 Notes”); and (ii) Tranche 2 5% coupon convertible notes with the principal amount of HK\$350,000,000 (“Tranche 2 Notes”).

The issuance of Tranche 1 Notes in an aggregate principal amount of HK\$185,500,000, entitling the holders to convert up to 530,000,000 conversion shares, was completed on 24 October 2013. On 28 October 2013, 5 November 2013 and 8 November 2013, the holders of the Tranche 1 Notes had converted convertible notes of HK\$89,250,000, HK\$75,250,000 and HK\$21,000,000 respectively into 255,000,000, 215,000,000 and 60,000,000 ordinary shares at a conversion price of HK\$0.35.

The issuance of Tranche 2 Notes in an aggregate principal amount of HK\$350,000,000, entitling the holders to convert up to 1,000,000,000 conversion shares, was completed on 15 November 2013.

- (b) On 13 November 2013, Continental Joy Limited (“Continental Joy”), a wholly-owned subsidiary of the Company as purchaser and Neo Fame Limited, an independent third party as vendor and Mr. Lin Junbo, Ms. Lin Yujuan and Ms. Lin Yiting as guarantors entered into a share purchase agreement (“Agreement”), pursuant to which Continental Joy would acquire the entire issued share capital in Gain Flourish Holdings Ltd. and its subsidiaries at a total consideration of RMB246,000,000. Details refer to the announcement of the Company dated 13 November 2013.

Given that the entering into of the Agreement constitutes a major transaction, the acquisition was subject to the approval by the shareholders of the Company.

The transaction was not yet completed on the date of authorisation 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	
	2013	2012
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Key management compensation		
Short-term benefits	1,260	1,202
Retirement benefit scheme	23	20
	<u>1,283</u>	<u>1,222</u>
Management service income received from a related company	<u>22</u>	<u>27</u>
	<u><u>1,305</u></u>	<u><u>1,249</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

For the six months ended 30 September 2013, the turnover of the Group mainly generated from its principal business of pharmaceutical operation, amounting to approximately HK\$56.0 million (2012: approximately HK\$56.8 million) and representing a decrease of approximately 1.4% as compared to the corresponding period last year.

Correspondingly, the gross profit of the Group for the six months ended 30 September 2013 dropped to approximately HK\$7.8 million (2012: approximately HK\$10.3 million). Gross profit margin decreased to approximately 14.0% (2012: approximately 18.2%) as compared to the same period last year.

For the six months ended 30 September 2013, the net loss attributable to owners of the Company, amounted to approximately HK\$36.1 million (2012: net loss of approximately HK\$144.8 million). The decrease in net loss was mainly due to the absence of impairment loss of the Mongolia Mining Right recorded last year.

Basic and diluted loss per share was HK\$0.16 for the six months ended 30 September 2013 (six months ended 30 September 2012: basic and diluted loss per share of HK\$0.93 (restated)).

Pharmaceutical Operation

For the period under review, the turnover contributed from the Pharmaceutical Operation decreased by approximately 11.6% to approximately HK\$50.2 million (2012: approximately HK\$56.8 million). The decrease in turnover is mainly due to the intensified competition in intravenous fluids market. Under these circumstances, the profit margin of the business had been further narrowed.

Cost control disciplines have long been embedded in the operation. During the period under review, continuing efforts were also made to control and reduce cost of sales and administrative expenses at a stable and reasonable level.

As a result, this segment recorded a loss of approximately HK\$6.8 million as compared to a loss of approximately HK\$6.1 million in the same period last year.

In light of the uncertain outlook for 2014, the Group is cautious about its operations in the coming year.

Iron Ore Mining Operation

For the period under review, the turnover contributed from the Iron Ore Mining Operation is HK\$5.8 million (2012: HK\$Nil). The turnover is the first sales transaction recognised for the export of iron sand from our Indonesia Iron Mine to China.

Overall speaking, the iron ore mining operation segment recorded a loss of approximately HK\$2.9 million for the period ended 30 September 2013 (2012: approximately HK\$2 million). The loss was mainly comprised of administrative expenses for Mongolia Mine and Indonesia Mine, as well as the cost of the trial production of Indonesia Mine.

Mongolia Iron Mine

In accordance with the letter (dated 24 December 2012) from the Ministry of Environment and Green Development of Mongolia advising the Group that the Iron Mining Licence is located within the protected area of Shudtiin river, forest front and water source basin of Mongolia. According to the legal opinions on 31 December 2012, 10 January 2013 and 7 June 2013, the Group was advised that according to the provision of a new law on “Prohibition of mining and exploration activities in river heads and banks, water basins and forests” the Iron Mining Licence is subject to the new law and shall be cancelled since the Mongolia Mine is located in the Protected Area.

As at the report date, no further notification or advice from the Government of Mongolia concerning the Iron Mining Licence has been received by the Group. Our consultant in Mongolia advised that there was no further update on the law on “Prohibition of mining and exploration activities in river heads and banks, water basins and forests”.

Under the circumstances, the operating activities of Mongolia Mine continued to be temporarily suspended in order to minimizing the expenses to be incurred. The Company is also considering disposing the Mongolia Mine to potential risk-taking investors who are interested in the Mine.

Indonesia Mine

In July/August 2013, the Company has commenced construction of an additional 6 production lines at site 2. In September, the construction of the 6 new production lines at site 2 have been completed, and trial production has also commenced towards the end of September 2013, expecting to be in full production in November 2013. Including the previous 2 production lines at site 1, the Company will have 8 production lines in operation by end of November. An additional 4 more production lines have been planned, and will commence construction as soon as practicable.

In September 2013, the Company exported and shipped out its first 10,000 metric tons of iron sand to China. The discharge port was Qingdao. Further orders are expected to ship out in December as production lines are beginning to come online. During the reporting period, the productions had encountered problems such as lack of water supply and reliability of machineries. However, the Management believes these problems will become less frequent and less detrimental as and when site 2 comes into production. Orders for more iron sand are already coming in and the Management expects to export 20,000 metric tons in December and 20,000 metric tons in January 2014 with the view of increasing export to 50,000 metric tons per month as soon as practicable. Should demands exceed production capacity or available stock, the Management has already put in place and made necessary arrangement with other third party production facilities in order to farm-out and produce iron sand on behalf of the Company.

Hangzhou Properties

On 22 January 2013, the Company completed the acquisition of the two commercial properties in Hangzhou, as announced by circular on 12 September 2012. The two properties consist of a ground floor shop of approximately 111 sq.m and a first floor shop of approximately 718 sq.m. The two properties are located in a residential complex Jingjiang City Garden (“JCG”) consisting of approximately 600 residential units. The whole area adjacent to and surrounding JCG residential complex are also other residential complexes.

Having carefully studied the ancillary facilities available in the vicinity of JCG residential complex, the Management considered that these two properties have great opportunity to develop and set up retail shops relating to certain residential services which are lacking in the immediate area.

In light of the matter, the Management have decided that the ground floor shop to open a patisserie coffee shop, selling homemade fresh bread to be made on-site as well as other cakes, patisserie and coffee drinks, and including within the shop itself an area to seat approximately 30 customers. The shop will be self-serviced by customers and foods to be paid at a counter prior to consumption, a business model not too dissimilar to other well-known coffee shops, which mainland Chinese are now accustomed to. The patisserie coffee shop is planned to be opened towards the end of 2013 subject to receiving final approvals from the fire department and permits from other local authorities, and final preparation in installing ovens, display cabinets and other equipment are now underway.

The Management, having found that there is a total lack of decent recreation facility for children in the vicinity of the JCG residential complex, have decided to open an indoor recreation facility on the first floor shop for children between the ages 1 – 9. Approximately 500 sq.m of the shop will be purely adventure playground facility with slides, swings, nooks and crannies for children to hide and go through. Such an indoor adventure playground is rare in Hangzhou except as ancillary facility in large shopping centres and of those they are usually small sized by design. Safety for children is paramount and therefore the facility has been designed in such a way that parents or guardians have a direct view and immediate access to the play area whilst sitting comfortably. Children will not be allowed to enter the shop without being accompanied by an adult. Both the child and the adult will need to pay an entrance fee to access the facility. Educational toys and videos will be available in an area catered for the younger children and toddlers. In addition to the adventure playground, a small multifunction room will be available for hire should parents wish to hold birthday parties etc. at the facility. Even before the opening of the facility, the Management has received enquiries from schools in the vicinity relating to the renting of the multifunction room to hold events. Events at the multifunction room will be supported by the patisserie coffee shop should catering service is required. The remaining part of shop of approximately 218 sq.m will be used as management office for both of the shops as well as a storage facility for chairs, desks and cutlery. Although the management office is now ready and is being used for the preparation and management of the two shops, the adventure playground is planned to be opened in January 2014 subject to receiving final approvals from the fire department and permits from other local authorities, and final preparation in installing the swings, slides and other equipment are now underway.

Should the above two shops prove to be popular among residence and the synergy of the two types of businesses is a workable one, the Management may open additional shops at other residential complexes in the future.

INTERIM DIVIDEND

The Board of directors has resolved not to declare an interim dividend for the six months ended 30 September 2013 (2012: HK\$Nil).

CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK\$469,250,000 as at 30 September 2013 from approximately HK\$261,022,000 as at 31 March 2013. As at 30 September 2013, the short term and long term interest bearing debts to shareholders' equity was approximately 13.6% (at 31 March 2013: approximately 31.2%).

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 2013, the Group had total assets of approximately HK\$789,213,000 (at 31 March 2013: approximately HK\$849,351,000) which was financed by current liabilities of approximately HK\$81,632,000 (at 31 March 2013: approximately HK\$101,197,000), non-current liabilities of approximately HK\$Nil (at 31 March 2013: approximately HK\$230,569,000), non-controlling interests of approximately HK\$238,331,000 (at 31 March 2013: HK\$256,563,000) and shareholders' equity of HK\$469,250,000 (at 31 March 2013: approximately HK\$261,022,000).

As at 30 September 2013, the Group's current ratio was approximately 1.61 (at 31 March 2013: approximately 1.49); and gearing ratio, representing the total of bank borrowings and the short-term interest bearing borrowings divided by the shareholders' equity, was approximately 13.6% (at 31 March 2013: approximately 31.2%). The total outstanding borrowings of the Group as at 30 September 2013 were denominated in Renminbi, of which 95.2% borrowings was interest-bearing with variable rates (at 31 March 2013: approximately 73.1% borrowings was interest-bearing with variable rates, while interest of the remaining balances was calculated on fixed interest rates).

As at 30 September 2013, certain buildings with aggregate carrying amount of approximately HK\$26,587,000 (at 31 March 2013: approximately HK\$27,229,000), plant and machinery amounting to approximately HK\$24,110,000 (at 31 March 2013: approximately HK\$25,145,000), land use rights amount of approximately HK\$3,954,000 (at 31 March 2013: approximately HK\$4,051,000) had been pledged to secure banking facilities granted to the Group.

As at 30 September 2013, except for the capital commitment amounting to approximately HK\$1,609,000, the Group had no other 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, Renminbi and Indonesian Rupiah 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 2013, the Group has approximately 484 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 2013.

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 2013.

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 2013.

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, 28 November 2013

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.