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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 2015

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 2015 together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		For the six months ended 30 September	
	<i>Note</i>	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000 (Restated)
Continuing operations			
Revenue, net	4	504	1,553
Cost of Sales		(100)	(169)
Gross profit		404	1,384
Other revenue and gains	5	10,922	936
Gain on bargain purchase		–	93,087
Distribution and selling expenses		–	(345)
Administrative expenses		(65,330)	(40,385)
Provision for impairment loss on intangible assets		–	(167,909)
Gain on disposal of subsidiaries	6	56,505	–
Finance costs	7	(10,962)	(287)
Loss before taxation	8	(8,461)	(113,519)
Taxation	9	–	–
Loss for the period from continuing operations		(8,461)	(113,519)
Loss for the period from discontinuing operations		(4,382)	(18,361)
Loss for the period		(12,843)	(131,880)

* For identification purposes only

		For the six months ended 30 September	
		2015	2014
		(unaudited)	(unaudited)
<i>Note</i>		HK\$'000	HK\$'000 (Restated)
Other comprehensive (expenses)/income			
Item that may be reclassified subsequently to profit or loss:			
	Exchange differences arising during the period	(50,184)	3,179
	Reclassification adjustments relating to foreign operations disposed during the period	(28,408)	–
	Other comprehensive (expenses)/income for the period, net of tax	(78,592)	3,179
	Total comprehensive loss for the period	(91,435)	(128,701)
Loss attributable to:			
	– Owners of the Company	(10,649)	(47,017)
	– Non-controlling interests	(2,194)	(84,863)
		(12,843)	(131,880)
Total comprehensive loss attributable to:			
	– Owners of the Company	(89,955)	(43,784)
	– Non-controlling interests	(1,480)	(84,917)
		(91,435)	(128,701)
		<i>HK\$</i>	<i>HK\$</i>
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
	– Basic and diluted	0.003	0.028
	From continuing operations		
	– Basic and diluted	0.002	0.017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

		At 30 September 2015 (unaudited) HK\$'000	At 31 March 2015 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	12	43,961	47,859
Intangible assets	13	29,642	32,727
Investments in an associate	14	462,309	–
Deposit for acquisition of equity interests	17	48,792	132,013
Deposit for acquisition of subsidiary	17	15,370	10,155
Deposit for acquisition of investment properties	17	575,757	192,832
Deposit for acquisition of fixed assets	17	23,520	24,922
		1,199,351	440,508
Current assets			
Inventories		3,211	3,777
Properties under development	15	793,433	733,257
Trade receivables	16	53,100	45,347
Prepayments, deposits and other receivables	17	62,376	14,508
Financial assets at fair value through profit or loss		1,130	5,820
Amount due from an associate		2,445	–
Bank balances and cash		71,285	337,495
		986,980	1,140,204
Assets classified as held for sale		–	82,569
		986,980	1,222,773
Current liabilities			
Trade payables	18	40,424	59,946
Other payables and accruals	19	190,496	171,337
Tax payables		484	482
Amount due to a non-controlling shareholder		–	389
Non-interest bearing borrowings		60,063	–
		291,467	232,154
Liabilities directly associated with Assets classified as held for sale		–	66,143
		291,467	298,297
Net current assets		695,513	924,476
Total assets less current liabilities		1,894,864	1,364,984

	<i>Note</i>	At 30 September 2015 (unaudited) <i>HK\$'000</i>	At 31 March 2015 (audited) <i>HK\$'000</i>
Capital and reserves			
Share capital	20	935,073	694,848
Reserves		<u>581,134</u>	<u>386,090</u>
Total equity attributable to owners of the Company		1,516,207	1,080,938
Non-controlling interests		6,953	8,433
		<u>1,523,160</u>	<u>1,089,371</u>
Non-current liabilities			
Convertible notes/bonds	21	325,380	229,289
Deferred tax liabilities		<u>46,324</u>	<u>46,324</u>
		<u>371,704</u>	<u>275,613</u>
		<u>1,894,864</u>	<u>1,364,984</u>

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 2015, 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 2015. This condensed consolidated interim financial information has not been audited.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Adoption of new and revised HKFRSs effective in current period

The Group has adopted the following new and revised HKFRSs which are effective during the current accounting period:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined Benefit Plan: Employee Contribution

The adoption of the above new and revised HKFRSs has had no significant financial impact on the Group’s results and financial position.

2.2 New and revised HKFRSs issued but not yet effective

The following new and revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ⁵
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidated Exception ⁵
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ⁵
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ⁵
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
HKAS 1 (Amendments)	Disclosure Initiative ⁵
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ⁵

¹ *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

² *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.*

³ *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*

⁴ *Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.*

⁵ *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

⁶ *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.*

The Group is in the process of assessing the impact of these new and revised HKFRSs on the financial performance and financial position of the Group.

3. SEGMENT INFORMATION

The Group's operating segments are identification the basis of internal reports which provides information about components of the Group. These information are reported to and received by the chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment.

The Group has the following continuing operating segments during the period. These segments are managed separately. No operating segments have been aggregated to for the following reportable segments.

- (1) For iron ore exploration and exploitation operations, the CODM regularly reviews the performance of the iron ore operation in Indonesia. These operations have been aggregated into a single operating segment and named "Iron ore exploration, exploitation and trading operations".
- (2) For securities investment operations, the CODM regularly reviews the performance of the securities investment operations. These operations have been aggregated into a single operating segment and named "Securities investment".
- (3) For property sales operations, the CODM regularly reviews the performance of the property sales operations. These operations have been aggregated into a single operating segment and name: "Property sale".

There were no inter-segment sales during the six months ended 30 September 2015 (30 September 2014: HK\$Nil).

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

Six months ended 30 September

	Continuing operations									
	Iron ore exploration, exploitation and trading operations		Securities Investment		Property Sale		Unallocated		Consolidation	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(unaudited) HK\$'000	(unaudited) HK\$'000 (Restated)	(unaudited) HK\$'000	(unaudited) HK\$'000 (Restated)	(unaudited) HK\$'000	(unaudited) HK\$'000 (Restated)	(unaudited) HK\$'000	(unaudited) HK\$'000 (Restated)	(unaudited) HK\$'000	(unaudited) HK\$'000 (Restated)
Segment revenue:										
Sales to external customers	-	-	306	1,314	-	-	198	239	504	1,553
Total revenue	-	-	306	1,314	-	-	198	239	504	1,553
Segment results	(4,886)	(21,275)	(1,991)	(1,678)	(6,341)	(3,350)	-	-	(13,218)	(26,303)
Unallocated corporate expenses										
Other revenue and gains	23	-	-	-	330	-	9,760	922	10,113	922
Gain on disposal of subsidiaries	-	-	-	-	-	-	56,505	-	56,505	-
Provision for impairment loss on intangible assets	-	(167,909)	-	-	-	-	-	-	-	(167,909)
Negative goodwill arising on acquisition	-	-	-	-	-	93,087	-	-	-	93,087
Fair value changes on financial assets at fair value through profit or loss	-	-	809	14	-	-	-	-	809	14
Central administration costs	-	-	-	-	-	-	(51,708)	(13,043)	(51,708)	(13,043)
Finance costs	-	-	-	-	-	-	(10,962)	(287)	(10,962)	(287)
Loss before taxation									(8,461)	(113,519)
Taxation									-	-
Loss for the period									(8,461)	(113,519)

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

	Continuing operations						Discontinuing operations			
	Iron ore exploration, exploitation and trading operations		Securities Investment		Property Sale		Manufacturing and sales of pharmaceutical products		Consolidation	
	At	At	At	At	At	At	At	At	At	
	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000	30 September 2015 (unaudited) HK\$'000	31 March 2015 (audited) HK\$'000
ASSETS										
Segment assets	39,782	46,858	6,535	34,288	1,600,751	1,196,686	-	82,569	1,647,068	1,360,401
Unallocated corporate assets									539,263	302,880
									<u>2,186,331</u>	<u>1,663,281</u>
LIABILITIES										
Segment liabilities	(399)	(129)	(24)	(23)	(323,032)	(240,490)	-	(66,143)	(323,455)	(306,785)
Unallocated corporate liabilities									(339,716)	(267,125)
									<u>(663,171)</u>	<u>(573,910)</u>

4. REVENUE

For the six months ended
30 September

2015	2014
(unaudited)	(unaudited)
HK\$'000	HK\$'000
	(Restated)

Continuing operations

Securities investment, net
Other

	306	1,314
	198	239
	<u>504</u>	<u>1,553</u>

5. OTHER REVENUE AND GAINS

	For the six months ended 30 September	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Other revenue		
Interest income on bank deposit	160	255
Dividend income from financial assets at fair value through profit or loss	–	366
Sundry and other operating income	<u>9,930</u>	<u>146</u>
	<u>10,090</u>	<u>767</u>
Other gains		
Fair value change on financial assets at fair value through profit or loss	809	14
Exchange gain, net	<u>23</u>	<u>155</u>
	<u>832</u>	<u>169</u>
	<u>10,922</u>	<u>936</u>

6. GAIN ON DISPOSAL OF SUBSIDIARIES

- (a) On 9 April 2015, the Group has entered into a conditional sale and purchase agreement with the purchaser Mr. Pan Guohua* (潘國華先生), an independent third party in respect of the sale 100% equity share of Billion Source Investments Limited (which has two subsidiaries company, Silver Epoch Investments Limited and Value Brilliant Investments Limited, investment holdings companies, and one indirect wholly owned subsidiary, Siping Ju Neng Medicine Industry Co, Ltd.* (四平巨能藥業有限公司), a company engaged in manufacturing and sale of pharmaceutical products in the PRC) at a consideration of RMB30,000,000. (For details, please refer to the announcements dated 15 April 2015, 16 April 2015 and 12 June 2015, and the circular dated on 18 May 2015). The disposal of the PRC pharmaceutical business was subsequently completed on 12 June 2015 and the consideration as determined on that date at approximately HK\$37,902,000.

For the period from 1 April 2015 to the date of disposal, the above subsidiaries were engaged in manufacturing and sale of pharmaceutical products in the PRC. The revenue contributed by the subsidiaries were approximately HK\$653,000 and loss of approximately HK\$4,382,000 has recognised in the Group's loss for the period ended 30 September 2015.

The net assets of subsidiaries at the date of disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of	
Consideration received	37,902
Property, plant and equipment	(50,253)
Prepaid lease payment	(3,873)
Inventories	(1,545)
Trade and other receivables	(15,376)
Bank balance and cash	(1,577)
Trade and other payables	5,129
Bank borrowings	<u>55,590</u>
	25,997
Release of translation reserve	28,466
Release of PRC statutory reserve	<u>2,062</u>
Gain on disposal of subsidiaries	<u>56,525</u>
Satisfied by	
Cash	<u>37,902</u>
Net cash inflow from disposal	
Cash consideration	37,902
Bank balance and cash disposed	<u>(1,577)</u>
	<u>36,325</u>

- (b) In August 2015, the Group has disposed 100% equity share of High Legend International Limited (which has one subsidiary company 杭州港富餐飲管理有限公司, a company engaged in running a patisserie coffee shop in the PRC) at a consideration of RMB1,300,000. The disposal of the PRC coffee shop was subsequently completed on 13 August 2015 and the consideration as determined on that date at approximately HK\$1,572,000.

The net assets of subsidiaries at the date of disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of	
Consideration received	1,572
Property, plant and equipment	(166)
Inventories	(14)
Bank balance and cash	(1,359)
Trade and other payables	<u>5</u>
	38
Release of translation reserve	<u>(58)</u>
Loss on disposal of subsidiaries	<u>(20)</u>
Satisfied by	
Cash	<u>1,572</u>
Net cash inflow from disposal	
Cash consideration	1,572
Bank balance and cash disposed	<u>(1,359)</u>
	<u>213</u>

7. FINANCE COSTS

	For the six months ended	
	30 September	
	2015	2014
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Continuing operations		
Imputed interest on convertible notes	<u>10,962</u>	<u>287</u>

8. LOSS BEFORE TAXATION

	For the six months ended 30 September	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000 (Restated)
The Group's loss from continuing operations is carried at after charging/(crediting)		
Depreciation of property, plant and equipment	2,274	6,924
Staff cost (including directors' remuneration)	39,032	13,584
Fair value change on financial assets at fair value through profit or loss	(809)	(14)
Minimum lease payments under operating lease	1,981	1,253
Exchange gain	(23)	(155)

9. TAXATION

Continuing operations

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 (2014: nil).

No provision for PRC Enterprise Income Tax has been made in the condensed consolidated financial statements as the Group's operation in the PRC had no assessable profit for the period (2014: nil).

No provision for Indonesia Corporate Income Tax has been made in the condensed consolidated financial statements as the Group's operation in Indonesia had no assessable profit for the period (2014: nil).

No provision for Mongolia Corporate Income Tax has been made in the condensed consolidated financial statement as the Group's operation in Mongolia had no assessable profit for the period (2014: nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

From continuing and discontinued operations

The calculation of 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	
	2015 (unaudited) <i>HK\$'000</i>	2014 (unaudited) <i>HK\$'000</i> (Restated)
Loss		
Loss for the period from continuing operations attributable to the owners of the Company	(6,267)	(28,656)
Loss for the period from discontinued operations attributable to the owners of the Company	<u>(4,382)</u>	<u>(18,361)</u>
	<u>(10,649)</u>	<u>(47,017)</u>
	<i>'000 Shares</i> (unaudited)	<i>'000 Shares</i> (unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share (<i>note</i>)	<u>3,481,415</u>	<u>1,666,226</u>

Note:

The basic and diluted loss per share are the same for the six months ended 30 September 2015 and 2014, as the effect of the share options and convertible notes/bonds would be anti-dilutive and were not included in the calculation of diluted loss per share.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period from continuing operations attributable to the owners of the Company	<u>(6,267)</u>	<u>(28,656)</u>

The basic and diluted loss per share from continuing operations are the same for the six months ended 30 September 2015 and 2014, as the effect of the share options and convertible notes/bonds would be anti-dilutive and were not included in the calculation of diluted loss per share.

From discontinued operation

Basic loss per share from discontinued operation is HK\$0.001 per share (30 September 2014 (restated): HK\$0.011 per share), based on the loss for the period from discontinued operations attributable to the owners of the Company of approximately HK\$4,382,000 (30 September 2014: HK\$18,361,000). The denominators used are the same as those detailed above or both basic and diluted loss per share.

The basic and diluted loss per share from discontinued operations are the same for the periods ended 30 September 2015 and 2014, as the effect of the share options and convertible notes/bonds would be anti-dilutive and were not included in the calculation of diluted loss per share.

11. DIVIDENDS

On 27 November 2015, no interim dividend was declared by the Company for the six months ended 30 September 2015 (2014: HK\$Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group has acquired property, plant and equipment of approximately HK\$7,000 (30 September 2014: approximately HK\$2,221,000). No property, plant and equipment was disposed during the six months ended 30 September 2015 (30 September 2014: Items of property, plant and equipment with carrying amount of approximately HK\$3,588,000 were disposed resulting on a net loss of approximately HK\$3,449,000).

At 30 September 2015, no property, plant and equipment has been pledged to secure credit facilities (at 31 March 2015, land use right, building and machinery of approximately HK\$3,911,000, HK\$22,765,000 and HK\$12,940,000 were pledged to secure certain credit facilities granted to the Group respectively).

13. INTANGIBLE ASSETS

	Exclusive right HK\$'000 (note)
Cost	
At 1 April 2015 (audited) and 30 September 2015 (unaudited)	<u>576,334</u>
Accumulated amortisation and impairment	
At 1 April 2015 (audited)	543,607
Charge for the period	<u>3,085</u>
At 30 September 2015 (unaudited)	<u>546,692</u>
Carrying amount	
At 30 September 2015 (unaudited)	<u><u>29,642</u></u>
At 31 March 2015 (audited)	<u><u>32,727</u></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 amortized on a straight-line basis over its estimated useful economic life. The useful economic life of the exclusive right 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.

Amortization was provided for the periods ended 30 September 2015 and 2014, the capitalized cost of the exclusive right was amortized over the remaining period of the licence as from 1 April 2014 to 20 July 2020.

During the year ended 31 March 2014, the Ministerial Regulation No. 1/2014 promulgated by the Indonesian Government with effect from 1 January 2014. According to the regulation, the Indonesian Government stopped the export of unprocessed mineral products with a view to encouraging the upgrading of minerals through processing and refining before such minerals can be exported. To mitigate this negative effect, the Company entered into a purchase agreement to purchase equipment for the purpose of refining the iron sand to sponge iron of higher than 75% Fe employing the direct reduction method. For the details, please refer to the Company’s announcements dated 24 January 2014 and 2 May 2014 respectively.

The Group is required to assess any indication of impairment of the end of each reporting period. The Group has completed its impairment test for the exclusive right, no impairment loss was recognised for six months ended 30 September 2015 (30 September 2014: HK\$167,909,000), as the recoverable amount is calculated to be higher than its carrying amount. The recoverable amount of the exclusive right is referenced to valuation report issued by Peak Vision Appraisals Limited, independently qualified professional valuer, as at 30 September 2015 which the exclusive right has been measured based on the value in use calculation.

14. INVESTMENTS IN AN ASSOCIATE

On 6 May 2015, the Group acquired 15% of equity interest of Shenzhen Zhaosheng Anye Investment Development Company Limited* (深圳招商安業投資發展有限公司) (“Shenzhen Zhaosheng Anye”) at a consideration of RMB130 million. On 23 September 2015, the Group acquired further 20% of equity interest of Shenzhen Zhaosheng Anye at a consideration of approximately RMB250 million. After the acquisition, Shenzhen Zhaosheng Anye which is owned as to 35% by the Group and has become an associate company of the Group at 30 September 2015.

	At 30 September 2015 (unaudited) HK\$'000	At 31 March 2015 (audited) HK\$'000
Cost of investments in an associate, unlisted	<u>462,309</u>	<u>–</u>

As at 30 September 2015, the Group had interests in the following associate:

Name of associate	Form of equity	Place of incorporation/ operation	Class of share held	Proportion of nominal value of issued and paid capital held by the Group %	Proportion of voting power held %	Principal activities
Shenzhen Zhaosheng Anye Investment Development Company Limited	Incorporated	the PRC	ordinary	35	35	Property investment

15. PROPERTIES UNDER DEVELOPMENT

	At 30 September 2015 (unaudited) <i>HK\$'000</i>	At 31 March 2015 (audited) <i>HK\$'000</i>
Properties under development	<u>793,433</u>	<u>733,257</u>

Properties under development related to the residential property construction held for sale located in Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC.

As at 30 September 2015, the balance included land use rights of approximately HK\$210,977,000 (31 March 2015: HK\$219,546,000). Upon completion of the construction, the land use rights would be transferred to property held for sale.

The Group's properties under development at their book values are analysed as followings:

	At 30 September 2015 (unaudited) <i>HK\$'000</i>	At 31 March 2015 (audited) <i>HK\$'000</i>
Located in the PRC, held on: Leases of between 10 to 50 years	<u>793,433</u>	<u>733,257</u>

16. TRADE RECEIVABLES

	At 30 September 2015 (unaudited) <i>HK\$'000</i>	At 31 March 2015 (audited) <i>HK\$'000</i>
Trade receivables	<u>53,100</u>	<u>45,347</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 aging analysis of trade receivables, net of impairment losses, and bills receivable discounted/endorsed with recourse at the respective reporting period:

	At 30 September 2015 (unaudited) HK\$'000	At 31 March 2015 (audited) HK\$'000
0 to 90 days	53,100	44,400
91 to 180 days	–	947
	<u>53,100</u>	<u>45,347</u>

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2015 (unaudited) HK\$'000	At 31 March 2015 (audited) HK\$'000
Deposit for acquisition of equity interests	<u>48,792</u>	<u>132,013</u>
Deposit for acquisition of subsidiary	<u>15,370</u>	<u>10,155</u>
Deposit for acquisition of investment properties (<i>note i</i>)	<u>575,757</u>	<u>192,832</u>
Deposit for acquisition of fixed assets	<u>23,520</u>	<u>24,922</u>
Deposits paid	888	912
Prepayments	3,371	7,291
Other receivables (<i>note ii</i>)	<u>58,117</u>	<u>6,305</u>
	<u>62,376</u>	<u>14,508</u>

Notes:

- (i) During the period ended 30 September 2015, the Group has entered into sale and purchase agreements to acquire investment properties in the PRC. The amount paid to the vendors for acquisition of investment properties.
- (ii) As at 30 September 2015, other receivables were mainly comprised of deposits placed with financial institutions of approximately HK\$3,790,000 and a loan receivable of approximately HK\$24,000,000.

18. TRADE PAYABLES

	At 30 September 2015 (unaudited) <i>HK\$'000</i>	At 31 March 2015 (audited) <i>HK\$'000</i>
Trade payables	<u>40,424</u>	<u>59,946</u>

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

	At 30 September 2015 (unaudited) <i>HK\$'000</i>	At 31 March 2015 (audited) <i>HK\$'000</i>
0 to 90 days	40,268	59,784
91 to 180 days	–	5
181 to 365 days	–	1
Over 365 days	<u>156</u>	<u>156</u>
	<u>40,424</u>	<u>59,946</u>

The average credit period on purchases is 3 months (31 March 2015: 3 months).

19. OTHER PAYABLES AND ACCRUALS

	At 30 September 2015 (unaudited) <i>HK\$'000</i>	At 31 March 2015 (audited) <i>HK\$'000</i>
Deposits received	78,684	36,801
Land value added tax payable	97,187	97,187
Accruals	419	1,530
Other payables	399	409
Accrued interest on convertible notes	<u>13,807</u>	<u>35,410</u>
	<u>190,496</u>	<u>171,337</u>

20. SHARE CAPITAL

	Number of shares '000	HK\$'000
Authorized:		
Ordinary share of HK\$0.25 each At 1 April 2015 (audited)	<u>10,000,000</u>	<u>2,500,000</u>
Ordinary share of HK\$0.25 each At 30 September 2015 (unaudited)	<u>10,000,000</u>	<u>2,500,000</u>
Issued and fully paid:		
Ordinary share of HK\$0.25 each At 1 April 2015 (audited)	2,779,390	694,848
Conversion of convertible notes (<i>note (a)</i>)	600,000	150,000
Issue of ordinary shares upon exercise of share options (<i>note (b)</i>)	20,900	5,225
Placement of shares (<i>note (c)</i>)	<u>340,000</u>	<u>85,000</u>
Ordinary share of HK\$0.25 each At 30 September 2015 (unaudited)	<u>3,740,290</u>	<u>935,073</u>

Notes:

- (a) On 8 May 2015, 19 May 2015, 22 May 2015 and 1 June 2015, the holders of the convertible notes converted convertible notes of HK\$79,800,000, HK\$102,600,000, HK\$19,000,000 and HK\$26,600,000 respectively into 210,000,000, 270,000,000, 50,000,000 and 70,000,000 ordinary shares at a conversion price of HK\$0.38.
- (b) During the six months ended 30 September 2015, the Company issued and allotted an aggregate of 20,900,000 shares at a weighted average exercise price HK\$0.289 per share. For more details, please refer to Note 22.
- (c) On 6 May 2015, the Company entered into a placing agreement (the "Placing Agreement" to allot and issue a total of 340,000,000 new Shares at a price of HK\$0.42 per share to not less than six independent placees. The placing was completed on 22 May 2015.

21. CONVERTIBLE NOTES/BONDS

On 15 October 2014, 22 October 2014 and 29 October 2014, the Company issued convertible notes due on 15 October 2016, 22 October 2016 and 29 October 2016 with a principal amount of HK\$190,000,000, HK\$190,000,000 and HK\$228,000,000, which is intercomprising 12% coupon rate per annum respectively (“the 2014 CN”). The convertible notes were issued for potential future investments, including real estate projects and the general working capital of the Group. The convertible notes are designated as fair value on initial recognition and are convertible into fully paid ordinary shares with a par value of HK\$0.25 each of the Company at an initial conversion price of HK\$0.38. The effective interest rate are ranging from 14.29% to 14.64%. The Company will redeem the convertible notes if the notes have not been converted on maturity date. The principal amount of convertible notes outstanding was HK\$9,997,800 as at 30 September 2015.

On 20 August 2015, the Company issued a 3-year convertible bonds due on 20 August 2018 with a principal amount of HK\$432,000,000 which is intercomprising 4% coupon rate per annum (“the 2015 CB”). The convertible bonds were issued for potential future investments, including real estate projects and the general working capital of the Group. The convertible bonds are designated as fair value on initial recognition and are convertible into fully paid ordinary shares with a par value of HK\$0.25 each of the Company at an initial conversion price of HK\$0.72. The effective interest rate are ranging from 15.98% to 16.02%. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date. The principal amount of convertible bonds outstanding was HK\$432,000,000 as at 30 September 2015.

The convertible notes/bonds recognized in the statement of financial position were calculation as follows:

	2014 CN <i>HK\$'000</i>	2015 CB <i>HK\$'000</i>	Total <i>HK\$'000</i>
Equity component			
At 1 April 2015 (audited)	7,209	–	7,209
Issue of convertible bonds	–	119,993	119,993
Converted into shares during the period	(6,879)	–	(6,879)
	<u>330</u>	<u>119,993</u>	<u>120,323</u>
At 30 September 2015 (unaudited)	<u>330</u>	<u>119,993</u>	<u>120,323</u>
	2014 CN <i>HK\$'000</i>	2015 CB <i>HK\$'000</i>	Total <i>HK\$'000</i>
Liability component			
At 1 April 2015 (audited)	229,289	–	229,289
Issue of convertible bonds	–	312,007	312,007
Converted into shares during the period	(220,852)	–	(220,852)
Imputed interest expense charged	5,229	5,733	10,962
Interest paid	(4,043)	(1,983)	(6,026)
	<u>9,623</u>	<u>315,757</u>	<u>325,380</u>
At 30 September 2015 (unaudited)	<u>9,623</u>	<u>315,757</u>	<u>325,380</u>

The fair value of the convertible notes/bonds issued has been arrived on the basis of a valuation carried out on the date of issue by Peak Vision Appraisal Limited, independently professional valuer not connected with the Group. As at 30 September 2015, the fair value of the 2014 CN and the 2015 CB were HK\$79,572,000 and HK\$312,007,000 respectively (31 March 2015: HK\$43,945,000).

22. SHARE OPTIONS

The Company's share options scheme adopted on 14 January 2002 (the "2002 Share Option Scheme") for the purposes of recognition of significant contribution of and for the provision of incentives to any directors, employees (whether full-time or part-time), consultants, customers, suppliers, agents, partners or advisors of or contractors to the Group or affiliates ("Eligible Persons"). On 12 July 2011, the Company had granted 140,500,000 share options to directors, employees and other affiliates under 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.

The 2011 Share Option Scheme is adopted for the same purpose of the 2002 Share Option Scheme.

Under the terms of the 2011 Share Option Scheme, the Board of Directors of the Company may for a notional consideration of HK\$1 grant option to the Eligible Persons to subscribe for shares in the Company at a price no less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option (which must be a business day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the option. Options granted under the 2011 Share Option Scheme must be taken up within 28 business days from the date on which the offer is made by returning a written acceptance of the offer signed by the Eligible Persons together with the payment of HK\$1 per option (the "Acceptance Conditions"). Options granted and accepted may be exercised at any time for 10 years commencing on the date on which an option is accepted in accordance with the Acceptance Conditions under the 2011 Share Option Scheme (the "Option Period"). Options granted under the Scheme will be exercisable in the Option Period notwithstanding that the scheme period of the 2011 Share Option Scheme does not prescribe any minimum period for which an option must be held before it can be exercised and has not specified that the exercise of an option is subject to any performance target.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2011 Share Option Scheme cannot exceed 10% (the "Limit") of the issued share capital of the Company at the date of adoption of the 2011 Share Option Scheme, excluding any options lapsed in accordance with the terms of the 2011 Share Option Scheme and any other share option schemes.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of shares in issue from the time to time. Options will not be granted to any Eligible Persons if the exercise in full of all options, including any unexercised options and shares already issued under all previous option granted, would in the 12-month period up to and including the date of such further grant enable that relevant Eligible Person to have shares exceeding 1% of the issued shares of the Company for the time being unless separate approval by the shareholders in general meeting is obtained.

Details of specific categories of options are as follows:

2002 Share Option Scheme:

As at 30 September 2015, the number of shares in respect of which share options remained outstanding under 2002 Share Option Scheme was 3,500,000, representing 0.094% of the shares of the Company in issue at the reporting date.

During six months ended 30 September 2015, the details and movements in the share options granted under 2002 Share Option Scheme are as follows:

	Date of grant	Exercisable period	Adjusted exercise price per share (Note i) HK\$	Number of share options					Outstanding at 30 September 2015 (unaudited)
				Outstanding at 1 April 2015 (audited)	Granted during the period (unaudited)	Exercised during the period (unaudited)	Lapsed during the period (unaudited)	Cancelled during the period (unaudited)	
Category 1: Directors	12 July 2011	12 July 2011 – 11 July 2021	1.775	420,000	–	–	–	–	420,000
Category 2: Employees	12 July 2011	12 July 2011 – 11 July 2021	1.775	3,080,000	–	–	–	–	3,080,000
Total for all categories				<u>3,500,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,500,000</u>
Weighted average exercise price (HK\$)				<u>1.775</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1.775</u>

Note:

- (i) The closing price of the Company's shares quoted on the Stock Exchange on the date of grant was HK\$0.071 (adjusted to HK\$1.775 upon capital reorganization became effective on 3 June 2013).

The fair value of the share options granted during the year ended 31 March 2012 were priced using the Trinomial model. The inputs into the model share option type.

	2002 Share Option Scheme
Grant date share price	HK\$0.071
Exercise price	HK\$0.071
Adjusted exercisable price after Capital Reorganisation	HK\$1.775
Expected volatility	78.743%
Expected option life	10 years
Dividend yield	0%
Risk-free interest rate	<u>2.796%</u>

2011 Share Option Scheme:

On 26 August 2014, 15,500,000 share options were granted to Directors and employees under 2011 Share Option Scheme at an exercisable price of HK\$0.352 per share.

On 3 October 2014, 59,000,000 share options were granted to Directors and employees under 2011 Share Option Scheme at an exercisable price of HK\$0.52 per share.

On 20 April 2015, 117,000,000 share options were granted to Directors and employees under 2011 Share Option Scheme at an exercisable price of HK\$0.395 per share.

On 26 August 2015, an ordinary resolution was duly passed by the shareholders at a annual general meeting of the Company, approving, inter alia, to refresh the scheme mandate limit under the 2011 Share Option Scheme of the Company adopted on 9 August 2011. The refreshed scheme limit as at 26 August 2015 was 374,029,000.

As at 30 September 2015, the number of shares in respect of which share options remained outstanding under 2011 Share Option Scheme was 164,900,000, representing 4.41% of the Shares of the Company in issue at the reporting date.

During six months ended 30 September 2015, the details and movements in the share options granted under 2011 Share Option Scheme are as follows:

	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options					Outstanding at 30 September 2015 (unaudited)
				Outstanding at 1 April 2015 (audited)	Granted during the period (unaudited)	Exercised during the period (unaudited)	Lapsed during the period (unaudited)	Cancelled during the period (unaudited)	
Category 1: Directors									
	26 August 2014	26 August 2014 – 25 August 2024	0.352	1,200,000	–	(200,000)	–	–	1,000,000
	3 October 2014	3 October 2014 – 2 October 2024	0.520	20,000,000	–	–	–	–	20,000,000
	20 April 2015	20 April 2015 – 19 April 2025	0.395	–	100,800,000	(12,000,000)	–	–	88,800,000
Category 2: Employees									
	26 August 2014	26 August 2014 – 25 August 2024	0.352	8,600,000	–	(7,600,000)	–	–	1,000,000
	3 October 2014	3 October 2014 – 2 October 2024	0.520	39,000,000	–	(100,000)	–	–	38,900,000
	20 April 2015	20 April 2015 – 19 April 2025	0.395	–	3,000,000	(1,000,000)	–	–	2,000,000
Category 3: Consultants									
	20 April 2015	20 April 2015 – 19 April 2025	0.395	–	13,200,000	–	–	–	13,200,000
Total for all categories				<u>68,800,000</u>	<u>117,000,000</u>	<u>(20,900,000)</u>	<u>–</u>	<u>–</u>	<u>164,900,000</u>
Weighted average exercise price (HK\$)				<u>0.488</u>	<u>0.395</u>	<u>0.380</u>	<u>–</u>	<u>–</u>	<u>0.439</u>

The fair value of the share options granted during the year ended 31 March 2015 and six months ended 30 September 2015 were pricing using the Trinomial model. The inputs into the model were as follow:

	2011 Share Option Scheme		
	Granted on		
	26 August 2014	3 October 2014	20 April 2015
Grant date share price	HK\$0.345	HK\$0.52	HK\$0.395
Exercise price	HK\$0.352	HK\$0.52	HK\$0.395
Expected volatility	71.09%	71.741%	73.37%
Expected option life	10	10	10
Dividend yield	0%	0%	0%
Risk-free interest rate	<u>1.919%</u>	<u>1.969%</u>	<u>1.40%</u>

23. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2015.

24. EVENTS AFTER THE REPORTING PERIOD

On 23 October 2015, the Group completed the acquisition of 100% equity interest of a PRC Company, Shenzhen Shi Longxinchang Industrial Company Limited* (深圳市隆欣昌實業發展有限公司) and the sale loan for a total consideration of RMB13,600,000 (equivalent to approximately HK\$16,320,000). (For details, please refer to the announcement of the Company dated 18 September 2015).

On 10 November 2015, in addition to the announcements dated 24 June 2014, 15 April 2015 and 15 May 2015, Shengyi Information Consulting (Shenzhen) Co., Ltd.* (晟奕信息諮詢(深圳)有限公司), an indirect wholly owned subsidiary of the Company has entered into the third acquisition agreement with ISH Yanbao Logistics (Shenzhen) Co. Ltd.* (綜合信興鹽保物流(深圳)有限公司), an independent third party. Pursuant to the Third Acquisition Agreement, the subsidiary of the Company has granted to purchase the property with the gross area of approximately 4,957 square meters, comprising of a single-storey reinforced concrete building designated for office and storage uses in Jinma Creative Industry Park (formerly known as “Kingma Information Logistics Park”) which is situated at depot No. 2, 3rd Road and Shenyang Road Intersect, Inner Logistics Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC for the initial consideration of RMB101,628,955 (equivalent to approximately HK\$121,954,746) (subject to adjustments). (For details, please refer to the announcement of the Company dated 10 November 2015).

On 16 November 2015, the Company completed the share subscription with Xi'an Communication Energy (Hongkong) Co., Limited with allotment of 1,330,000,000 shares at the subscription price of HK\$0.36 per share. The net proceeds from the share subscription is approximately HK\$478,550,000. (For details, please refer to the announcements of the Company dated 22 May 2015 and 16 November 2015 and the circular of the Company dated 6 July 2015).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

For the six months ended 30 September 2015, the consolidated revenue, net, mainly contributed from its continuing business (securities trading business) amounted to approximately HK\$504,000 (2014: approximately HK\$1,553,000).

Apart thereof, the Group recorded a net loss on the discontinued business of pharmaceutical operation of approximately HK\$4,382,000 for the period from 1 April 2015 to 12 June 2015 (approximately HK\$18,361,000 for the period from 1 April 2014 to 30 September 2014). A gain of approximately HK\$56,525,000 on the disposal of the pharmaceutical business was also recognised during the reporting period.

Thus, overall speaking, the net loss attributable to owners of the Company, amounted to approximately HK\$10,649,000 for the six months ended 30 September 2015 (2014: net loss of approximately HK\$47,017,000).

Basic and diluted loss per share from continuing and discontinued operations for the six months ended 30 September 2015 was HK\$0.003 (six months ended 30 September 2014: basic and diluted loss per share of HK\$0.028).

PHARMACEUTICAL OPERATION BUSINESS (DISCONTINUED OPERATIONS)

On 15 April 2015, the Group announced the disposal of the Pharmaceutical Operation business, which was subsequently completed on 12 June 2015. The financial results of the Pharmaceutical Operation business disposed for the period from 1 April 2015 to 12 June 2015 have been presented as discontinued operations.

The disposal will not only significantly curtail the burden of the operating loss of Pharmaceutical Operation business, but has also brought in approximately HK\$36,000,000 net cash to the Group as well. This will further enhance our balance sheet and cash flow status.

PROPERTY BUSINESS

It is the strategy of the Group to diversify its businesses into the real estate sector in the PRC. In line with this strategy, the Group acquires the properties both for investments and development.

Dalian Properties

Since completion of the acquisition of Dalian Properties on 13 June 2014 through our wholly owned China subsidiary, Dalian Chuanghe Landmark Co. Ltd.* (大連創和置地有限公司) (“Dalian Chuanghe”), the management of the China subsidiary continues engaging in the development of urban land for residential purpose in the real estate sector and as planned to develop 55 buildings on the said Land with 21 buildings in the first phase (“Phase I”) and 34 buildings in the second phase (“Phase II”).

Currently, Phase I is still under development. The name of the property under development is “Xin Tian Jia Yuan* (心田佳苑)”, located at Ziteng West Street, Dalian Economic and Technological Development Zone* (大連經濟技術開發區). In April 2014, the pre-sale permit for Phase I with a saleable area of 42,541.50 square metres had been obtained. As at 30 September 2015, Dalian Chuanghe had completed about 98% of the construction of Phase I. The Phase I development was expected to be completed in May 2016. Up to 30 September 2015, Dalian Chuanghe achieved contracted sales of approximately RMB71,900,000 (of which pre-sale deposits of approximately RMB64,500,000 were received), and contracted gross saleable area of approximately 11,951 square metres.

Regarding Phase II, which was planned to construct with a total of 34 buildings with estimated saleable area of 69,000 square metres, the expected commencement date and completion date of construction have also been postponed to May 2016 and around May 2018 respectively.

During the period under review, turnover from this segment was HK\$Nil, and recorded a loss of approximately HK\$6,341,000 (2014: approximately HK\$3,350,000) which was mainly comprised of administrative and operation expenses.

Yantian Properties

(A) The Group entered into an agreement on 24 June 2014 and a supplemental agreement on 15 April 2015 to purchase the property at a consideration of approximately RMB100,000,000 (equivalent to approximately HK\$126,000,000).

The property to be acquired represents 46 units of Jinma Creative Industry Park (formerly known as “Kingma Information Logistic Park”) which is situated at Depot No. 2, 3rd Road and Shenyang Road Intersect, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC* (中國深圳市鹽田區鹽田保稅區物流園內三號路與深鹽路交匯處二號堆場) with a total saleable area of approximately 8,699 square metres.

As at 30 September 2015, the Group had totally paid refundable deposit of RMB90,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of RMB10,000,000 shall be paid within 30 days from the date of completion.

- (B) On 15 May 2015, the Group entered into another agreement, to further purchase the property at a consideration of approximately RMB65,107,800 (equivalent to approximately HK\$81,384,750).

The property to be acquired represents 30 units of Jinma Creative Industry Park (formerly known as “Kingma Information Logistic Park”) which is situated at Depot No. 2, 3rd Road and Shenyan Road Intersect, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC* (中國深圳市鹽田區鹽田保稅區物流園內三號路與深鹽路交匯處二號堆場) with a total saleable area of approximately 5,400 square metres.

As at 30 September 2015, the Group had totally paid refundable deposit of RMB60,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of RMB5,107,800 shall be paid within 30 days from the date of on which the property has been registered under the name of the purchaser.

It is expected that the purchaser will obtain physical possession of the property on or before 31 March 2016 (or another date that is mutually agreed by the vendor and the purchaser) on which the relevant occupation permits will be issued.

Zengcheng Properties

- (A) On 15 April 2015, the Group entered into an agreement to purchase the property at a consideration of approximately RMB130,150,000 (equivalent to HK\$162,688,000).

The property to be acquired comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in a commercial and residential development project with a total gross floor area of 8,562.52 square metres located at Jinma Waterfront Square, Donghu Lakeside, Zengjiang Street, Zengcheng City, Guangdong Province, the PRC.

As at 30 September 2015, the Group had totally paid refundable deposit of RMB120,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of RMB10,150,000 shall be paid within 60 days after the date on which all conditions for the delivery of physical possession of the property having been fulfilled and the relevant procedures for such delivery are completed.

- (B) On 5 June 2015, the Group entered into a second acquisition agreement to further purchase the property at a consideration of approximately RMB75,598,740 (equivalent to HK\$94,498,425).

The property to be acquired comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in a commercial and residential development project with a gross floor of approximately 4,200 square meters located at Jinma Waterfront Square, Donghu Lakeside, Zengjiang Street, Zengcheng City, Guangdong Province, the PRC.

As at 30 September 2015, the Group had totally paid refundable deposit of RMB74,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of RMB1,598,740 shall be paid within 60 days after the date on which all conditions for the delivery of physical possession of the property having been fulfilled and the relevant procedures for such delivery are completed.

- (C) On 27 August 2015, the Group entered into a third acquisition agreement to further purchase the property at a consideration of approximately RMB80,760,876 (equivalent to HK\$100,951,095).

The property to be acquired comprises 20 units of commercial property in a shopping arcade and 24 units of residential property in three residential buildings in a commercial and residential development project known as Jinma Donghu Residence located at Zengjiang Street, Zengcheng City, Guangdong Province, the PRC.

As at 30 September 2015, the Group had totally paid refundable deposit of RMB55,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The final payment of the consideration of RMB760,876 shall be paid within 60 days after the date on which all conditions for the delivery of physical possession of the property having been fulfilled and the relevant procedures for such delivery are completed.

Hangzhou Properties

Since the opening of the indoor recreation playground and coffee shop at the two properties in Hangzhou in 2014, the performance of the two businesses was far from satisfactory.

The weak performance was mostly due to the location of the two businesses being located within the confine of a residential estate, walk-in customers from the outside of the estate were less than anticipated, and above all, lack cooperation from the estate management on advertising signs. Despite efforts made by the management, revenue generated from the said two businesses continues to remain stagnant. As such, the coffee shop business was ceased in August 2015.

The management will reconsider alternative strategies including but not limited to hiring the coffee shop premises to a new tenant or disposing the whole Hangzhou properties.

The Hangzhou Properties business segment has generated revenue of approximately HK\$198,000 (2014: HK\$239,000), and sustained a loss of approximately HK\$1,353,000 (2014: HK\$1,400,000) for the period under review.

IRON ORE MINING OPERATION

During the period under review, facing the Ministerial Regulation No. 1/2014 promulgated by the Indonesian Government being still in force, the export of our iron sand business continues to be suspended as the purity level of the iron sand did not meet the minimum requirement.

Coupled with the current low price in iron ore, the management has decided to further postpone the business plan for building the factory for the production of Direct Reduction Iron.

Meanwhile, the Group continues to maintain a minimum skeleton crew to maintain the safe custody of the plant and machineries and basic functions of the operation.

For the period under review, this segment recorded a loss of approximately HK\$4,886,000 (2014: approximately HK\$21,275,000). The decrease in loss was mainly due to the decrease in amortisation of the exclusive right owned by PT. Dampar as compared to the same period last year.

SECURITIES AND OTHER TRADING BUSINESS

During the period, the Group conducts investments in the stock market and trading in gold bullion.

For the securities trading business, despite the management wishes to enlarge its securities trading portfolio in order to improve the performance of the Group. However, the volatility of the stock market during the period under review, makes the management to be more prudent in taking risk on the securities trading business. For the period under review, the trading of securities has generated a net gain of approximately HK\$306,000 (2014: approximately HK\$1,314,000) and received dividend income of approximately HK\$Nil (2014: HK\$370,000). However, the securities business recorded a segment loss of approximately HK\$1,991,000 (2014: segment loss: HK\$1,678,000).

While, trading in gold bullion added additional contribution of approximately HK\$9,440,000 to the Group.

MONEY LENDING BUSINESS

On 17 July 2015, the Board announced the Group has, through its wholly-owned subsidiary, Asia Financial Holdings (Hong Kong) Limited (“Asia Financial”) obtained a money lenders licence in Hong Kong on 9 July 2015. Under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong), Asia Financial has commenced the money lending business on 9 September 2015.

OTHER INVESTMENTS

(A) Acquisition of 35% equity interest of Shenzhen Zhaosheng Anye Investment Development Company Limited* (深圳招商安業投資發展有限公司)

- (i) On 9 February 2015, the Group entered into a share transfer agreement with Shenzhen Kingma Holding Company Limited* (深圳金馬控股集團有限公司) (“Shenzhen Kingma”), relating to the acquisition of 15% equity interest of Shenzhen Zhaosheng Anye Investment Development Company Limited* (深圳招商安業投資發展有限公司) (“Shenzhen Zhaosheng Anye”), which intends to develop the San Lian Project and the Xi Chong Project at a consideration of RMB130 million (equivalent to approximately HK\$162.5 million). (For details, please refer to the announcement of the Company dated 9 February 2015). The acquisition was completed on 6 May 2015.

- (ii) On 31 July 2015, the Group entered into second share transfer agreement with Shenzhen Kingma, relating to the acquisition of further 20% equity interest of Shenzhen Zhaosheng Anye which intends to develop the San Lian Project and the Xi Chong Project at a consideration of approximately RMB250 million (equivalent to approximately HK\$312.5 million). (For details please refer to the Announcement of the Company dated 31 July 2015). The acquisition was completed on 23 September 2015. After the acquisition, Shenzhen Zhaosheng Anye which is owned as to 35% by the Group and has become an associate company of the Company.

(B) Acquisition of 100% equity interest of Guangzhou Shi An Ye Investment Development Company Limited* (廣州市安業投資發展有限公司)

On 17 March 2015, the Group entered into a share transfer agreement with Shenzhen Shi Zhong Zhan Chuang Zhan Investment Development Limited* (深 圳 市 中 展 創 展 投 資 有 限 公 司), relating to the acquisition of 100% equity interest of Guangzhou Shi An Ye Investment Development Company Limited* (廣 州 市 安 業 投 資 發 展 有 限 公 司) (“Guangzhou Shi An Ye”) at a consideration of RMB10 million (equivalent to approximately HK\$12.5 million).

Before the share transfer agreement, Guangzhou Shi An Ye entered into the property purchase contract on 11 February 2015 with the property developer to purchase the properties, which comprised of 10 villas, with a total gross floor area of approximately 1,739 square metres in a residential complex located in Zengcheng of Guangzhou City, the PRC. Pursuant to the terms of the property purchase contract, completion of the sale and purchase of the properties shall take place on or before 31 December 2015. (For details please refer to the announcement of the Company dated 17 March 2015). The acquisition of Guangzhou Shi An Ye was completed on 4 May 2015.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2015 (2014: HK\$Nil).

MATERIAL ACQUISITION AND DISPOSAL

(1) ACQUISITION OF PROPERTIES IN THE PRC

(i) *Zengcheng Properties*

- (a) On 15 April 2015, Shenzhen Shi Hong Yong Run Industrial Company Limited* (深圳弘永潤實業發展有限公司) (“Shenzhen Shi Hong Yong Run”), an indirect wholly owned subsidiary of the Company entered into an acquisition agreement with Guangzhou Shi Zhong Zhan Investment Development Company Limited* (廣州市中展投資發展有限公司) (“Guangzhou Shi Zhong Zhan”). Pursuant to the agreement, the subsidiary agreed to purchase the properties, with a gross floor of approximately 8,562.52 square meters, comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in a commercial and residential development project known as Jinma Waterfront Square* (金馬水岸廣場) (“Jinma Waterfront”) located at Donghu Lakeside, Zengjiang Street, Zengcheng City, Guangzhou Shi, Guangdong Province, the PRC for the initial consideration of RMB130,150,000 (equivalent to approximately HK\$162,668,000). (For details, please refer to the announcement of the Company dated 15 April 2015).
- (b) On 5 June 2015, in addition to the announcement of the Company dated 15 April 2015, Shenzhen Shi Hong Yong Run, entered into second acquisition agreement with Guangzhou Shi Zhong Zhan. Pursuant to the agreement, the subsidiary agreed to purchase the properties, with a gross floor of approximately 4,200 square meters, comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in a commercial and residential development project known as Jinma Waterfront located at Donghu Lakeside, Zengjiang Street, Zengcheng City, Guangzhou Shi, Guangdong Province, the PRC for the initial consideration of RMB75,598,740 (equivalent to approximately HK\$94,498,425). (For details, please refer to the announcement of the Company dated 5 June 2015).
- (c) On 27 August 2015, in addition to the announcements of the Company dated 15 April 2015 and 5 June 2015, Shenzhen Shi Hong Yong Run, entered into third acquisition agreement with Guangzhou Shi Zhong Zhan. Pursuant to the agreement, the subsidiary agreed to purchase the properties, with a gross floor of approximately 7,000 square meters, comprises twenty units of commercial property in a shopping arcade and twenty four units of residential property in three residential buildings in a commercial and residential development

project known as Jinma Donghu Residence* (金馬東湖居) a land located at Zengjiang Street, Zengcheng City, Guangdong Province, the PRC, for the initial consideration of RMB80,760,876 (equivalent to approximately HK\$100,951,095) (subject to adjustments). (For details, please refer to the announcement of the Company dated 27 August 2015).

(ii) *Yantian Properties*

On 15 May 2015, in addition to the announcements of the Company dated 24 June 2014 and 15 April 2015, Shengyi Information Consulting (Shenzhen) Co., Ltd.* (晟奕信息諮詢(深圳)有限公司), an indirect wholly owned subsidiary of the Company entered into an acquisition agreement with ISH Yanbao Logistics (Shenzhen) Co. Ltd.* (綜合信興鹽保物流(深圳)有限公司). Pursuant to the agreement, the subsidiary agreed to purchase additional properties with the gross area of approximately 5,400 square meters, comprises of 30 units of Jinma Creative Industry Park (formerly known as “Kingma Information Logistics Park”) located at depot No. 2, 3rd Road and Shenyang Road Intersect, Inner Logistics Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC for the initial consideration of RMB65,107,800 (equivalent to approximately HK\$81,384,750). (For details please refer to the announcement of the Company dated 15 May 2015).

(2) ACQUISITION OF COMPANIES

(i) *Guangzhou Shi An Ye Investment Development Company Limited** (廣州市安業投資發展有限公司)

On 17 March 2015, the Group entered into a share transfer agreement with Shenzhen Shi Zhong Zhan Chuang Zhan Investment Development Limited* (深圳市中展創展投資有限公司), relating to the acquisition of 100% equity interest of Guangzhou Shi An Ye Investment Development Company Limited* (廣州市安業投資發展有限公司) (“Guangzhou Shi An Ye”) at a consideration of RMB10 million (equivalent to approximately HK\$12.5 million). Before the share transfer agreement, Guangzhou Shi An Ye entered into the property purchase contract on 11 February 2015 with the property developer to purchase the properties, which comprised of 10 villas, with a total gross floor area of approximately 1,739 square metres in a residential complex located in Zengcheng of Guangzhou City, the PRC. Pursuant to the terms of the property purchase contract, completion of the sale and purchase of the properties shall take place on or before 31 December 2015. (For details please refer to the announcement of the Company dated 17 March 2015). The acquisition of Guangzhou Shi An Ye was completed on 4 May 2015.

(ii) *Shenzhen Zhaosheng Anye Investment Development Company Limited** (深圳招商安業投資發展有限公司)

- (a) On 9 February 2015, the Group entered into a share transfer agreement with Shenzhen Kingma Holding Company Limited* (深圳金馬控股集團有限公司) (“Shenzhen Kingma”), relating to the acquisition of 15% equity interest of Shenzhen Zhaosheng Anye Investment Development Company Limited* (深圳招商安業投資發展有限公司) (“Shenzhen Zhaosheng Anye”), which intends to develop the San Lian Project and the Xi Chong Project at a consideration of RMB130 million (equivalent to approximately HK\$162.5 million). (For details, please refer to the announcement of the Company dated 9 February 2015). The acquisition was completed on 6 May 2015.
- (b) On 31 July 2015, the Group entered into second share transfer agreement with Shenzhen Kingma, relating to the acquisition of further 20% equity interest of Shenzhen Zhaosheng Anye which intends to develop the San Lian Project and the Xi Chong Project at a consideration of approximately RMB250 million (equivalent to approximately HK\$312.5 million). (For details please refer to the announcement of the Company dated 31 July 2015). The acquisition was completed on 23 September 2015. After the acquisition, Shenzhen Zhaosheng Anye which is owned as to 35% by the Group and has become an associate company of the Company.

(3) DISPOSAL OF SUBSIDIARIES

On 9 April 2015, the Group entered into a conditional sale and purchase agreement with the purchaser Mr. Pan Guohua* (潘國華先生), an independent third party in respect of the sale of 100% equity share of Billion Source Investments Limited (which has two subsidiaries company, Silver Epoch Investments Limited and Value Brilliant Investments Limited, investment holding companies, and one indirect wholly owned subsidiary, Siping Ju Neng Medicine Industry Co, Ltd.* (四平巨能藥業有限公司), a company engaged in manufacturing and sale of pharmaceutical products in the PRC) at a consideration of RMB30,000,000. (For details, please refer to the announcements of the Company dated 15 April 2015 and 12 June 2015, and the circular of the Company dated on 18 May 2015). The disposal of the PRC pharmaceutical business was completed on 12 June 2015 and the consideration as determined on that date at approximately HK\$37,902,000.

Save as disclosed above, there was no other material acquisition or disposal of subsidiaries or associates of the Company during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2015, the Group had total assets of approximately HK\$2,186,331,000 (at 31 March 2015: approximately HK\$1,663,281,000) which was financed by current liabilities of approximately HK\$291,467,000 (at 31 March 2015: approximately HK\$298,297,000), non-current liabilities of approximately HK\$371,704,000 (at 31 March 2015: approximately HK\$275,613,000), non-controlling interests of approximately HK\$6,953,000 (at 31 March 2015: HK\$8,433,000) and shareholders' equity of HK\$1,516,207,000 (at 31 March 2015: approximately HK\$1,080,938,000).

As at 30 September 2015, the Group's current ratio was approximately 3.39 (at 31 March 2015: approximately 4.10); and gearing ratio, representing the total of the non-interest bearing borrowings and the sum of convertible notes/bonds, divided by the shareholders' equity, was approximately 25.4% (at 31 March 2015: approximately 26.8%). As at 30 September 2015, approximately 84% of the debts were denominated in Hong Kong Dollars and with fixed interest coupon rate; while the balance of the debts were non-interest borrowing debts and denominated in Renminbi (at 31 March 2015 (Restated): approximately 79% interest bearing debts were denominated in Hong Kong dollars with fixed interest coupon rates, 20% interest bearing debts were denominated in Renminbi with variable interest rates, and the remaining balance of debts were denominated in Renminbi with fixed interest rates).

As at 30 September 2015, the Group had pledged certain of its buildings with aggregate carrying amount of approximately HK\$Nil (at 31 March 2015: approximately HK\$22,765,000), plant and machinery amounting to approximately HK\$Nil (at 31 March 2015: approximately HK\$12,940,000), and land use rights amount of approximately HK\$Nil (at 31 March 2015: approximately HK\$3,911,000) to certain bank to secure credit facilities granted to the Group.

As at 30 September 2015, except for the capital commitment amounting to approximately HK\$253,136,000, the Group had no other material capital commitment and contingent liabilities.

CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK\$1,516,207,000 as at 30 September 2015 from approximately HK\$1,080,938,000 as at 31 March 2015. As at 30 September 2015, the short term and long term interest bearing debts to shareholders' equity was approximately 21.5% (at 31 March 2015: approximately 26.8%).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong 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 2015, the Group has approximately 119 employees in Hong Kong, Indonesia and the PRC. The total cost (staff salary and director emolument) for the six months ended 30 September 2015 amounted to approximately HK\$39,032,000. Remuneration packages are generally structured according 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 2015.

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 Corporate Governance Code contained in Appendix 14 (the "Code") to the Listing Rules throughout the period under review, except that:

Under Code Provision A.1.3, notice of at least 14 days should be given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice should be given. Due to the practical reasons, 14 days' advanced notifications have not been given to all meetings of the Board. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days' advanced notification. The Board will use its best endeavours to give 14 days' advanced notifications of Board meeting to the extent practicable.

Under 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. Huang Yilin 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.

Under Code provision A.6.7, independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagement, certain independent non-executive Directors were unable to attend the general meetings of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to 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 2015.

AUDIT COMMITTEE

The Audit Committee of the Company 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 2015.

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 in due course.

By Order of the Board
Asia Resources Holdings Limited
Wu Hongquan
Chairman

Hong Kong, 27 November 2015

As at the date of this announcement, the Board consists of five executive directors, Mr. Wu Hongquan, Mr. Huang Yilin, Mr. Chan Shi Yin, Keith, Ms. Li Yali and Mr. Zhang Zhensheng; and three independent non-executive directors, Mr. Zhang Xianlin, Mr. Kwok Hong Yee, Jesse and Mr. Ho Chun Kit, Gregory.