



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

(Stock Code : 899)

INTERIM REPORT
2017/18

* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Yuguo (*Chairman*)^(Note 1)
Mr. Huang Yilin
(*Chief Executive Officer*)^(Note 2)
Mr. Chan Shi Yin, Keith
Mr. Liu Yan Chee, James
Mr. Chan Yuk Sang

Independent Non-executive Directors

Mr. Zhang Xianlin
Mr. Kwok Hong Yee, Jesse
Mr. Ng Ping Yiu

COMPANY SECRETARY

Mr. Szeto King Pui, Albert^(Note 3)
Mr. Law Ho Ming^(Note 4)

AUDIT COMMITTEE

Mr. Ng Ping Yiu (*Chairman*)
Mr. Zhang Xianlin
Mr. Kwok Hong Yee, Jesse

REMUNERATION COMMITTEE

Mr. Zhang Xianlin (*Chairman*)
Mr. Kwok Hong Yee, Jesse
Mr. Chan Shi Yin, Keith
Mr. Ng Ping Yiu

NOMINATION COMMITTEE

Mr. Kwok Hong Yee, Jesse (*Chairman*)
Mr. Zhang Xianlin
Mr. Chan Shi Yin, Keith
Mr. Ng Ping Yiu

STOCK CODE

899

AUDITORS

Lau & Au Yeung C.P.A. Limited^(Note 5)
Certified Public Accountants
21/F, Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

HLB Hodgson Impey Cheng Limited^(Note 6)
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Hong Kong Branch
China Minsheng Banking Corp. Ltd.
Industrial and Commercial Bank of
China (Asia) Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 4312, 43/F, COSCO Tower
183 Queen's Road Central
Hong Kong

REGISTRARS (IN BERMUDA)

Conyers Corporate Services
(Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

REGISTRARS (IN HONG KONG)

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

<http://www.asiaresources899.com>

Note 1: Appointed as Executive Director on 16 August 2017 and Chairman of the Board on 22 September 2017

Note 2: Appointed as Chief Executive Officer on 16 August 2017

Note 3: Appointed on 6 October 2017

Note 4: Resigned with effect from 6 October 2017

Note 5: Appointed on 6 November 2017

Note 6: Resigned with effect from 6 November 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

For the six months ended 30 September 2017, the revenue, net, of the Group was approximately HK\$1,838,000 (six months ended 30 September 2016: approximately HK\$3,734,000). It was contributed from the investing and financing business.

Overall speaking, the loss attributable to owners of the Company, amounted to approximately HK\$59,186,000 for the six months ended 30 September 2017 (six months ended 30 September 2016: loss attributable to owners of the Company, amounted to approximately HK\$63,440,000). The decrease in loss was mainly derived from the share of profits from associates and gain on disposal of subsidiaries.

Basic and diluted loss per share for the six months ended 30 September 2017 was HK\$0.010 (six months ended 30 September 2016: basic and diluted loss per share of HK\$0.012).

WATER BUSINESS

The Group aimed to broaden its business spectrum by extending its business into water mining, production and sales of bottled water business. The Group had successfully completed two strategic acquisitions for bottled water production and sales business in Guangxi and water mining business in Hunan.

MANAGEMENT DISCUSSION AND ANALYSIS

Water Production and Sales

The Group entered into an acquisition agreement with Jiu Tai International Resources Company Limited (a company beneficially owned by our substantial shareholder, Mr. Li Yuguo) on 19 April 2017 to acquire 20% equity interests of Hong Kong Spring Water Ding Dong Group Company Limited ("Spring Water") at a consideration of HK\$273,000,000, which was settled by promissory note. A wholly-owned subsidiary in Guangxi of Spring Water held a water procurement permit for production and sales of bottled water. The acquisition had been completed on 25 April 2017. On 14 June 2017, the promissory notes had been fully redeemed.

During the period under review, the Group shared profits of associates of approximately HK\$3,867,000 (six months ended 30 September 2016: HK\$Nil).

Water Mining

The Group entered into an acquisition agreement on 23 May 2017 to acquire 67% equity interests of Good Union (China) Limited ("Good Union") from an independent third party at a consideration of HK\$244,000,000. An indirect wholly-owned subsidiary in Hunan of Good Union held a water mining licence for exploitation of spring water. The acquisition had been completed on 7 June 2017.

In accordance with the acquisition agreement, the vendor guaranteed a production volume of spring water of not less than (i) 50,000 cubic metres in 2019 and (ii) 100,000 cubic metres for each calendar year from 2020 to 2028. Subsequent to the six months ended 30 September 2017, the Group expected to start construction of production facilities in December 2017.

During the period under review, no revenue was derived from this segment and a loss of approximately HK\$828,000 (six months ended 30 September 2016: HK\$Nil) was recorded which mainly comprised of administrative expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY BUSINESS

Property Development

Dalian Properties

Our indirect wholly-owned China subsidiary, Dalian Chuanghe Landmark Co. Ltd.* (大連創和置地有限公司) (“Dalian Chuanghe”) continues engaging in the development of urban land for residential purpose in the real estate sector in Dalian 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”).

Phase I named “Xin Tian Jia Yuan” had almost completed the construction work except some public area and its utilities. Currently, the remained construction works are expected to be temporarily further extended to May 2018 due to the delay of construction progress. There are 21 buildings established in Phase I with a saleable area of approximately 42,540 square metres including 4 eight-storey apartments (小高層), 9 garden villas (洋房) and 8 garden houses (聯排別墅). The whole contracted sales achieved approximately RMB101,200,000 (of which pre-sale deposits of approximately RMB88,710,000 received), and the whole contracted gross saleable area was around 19,500 square metres.

For the Phase II, 34 buildings with 69,000 square metres were used as the saleable area. The initiation date will be in 2018 after the completion of the Phase I.

The Dalian Chuanghe recorded a loss of approximately HK\$662,000 for the six months ended 30 September 2017 (six months ended 30 September 2016: approximately HK\$1,446,000). The loss was mainly derived from administrative expenses.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

Property Investment

Yantian Properties

- (A) The Group entered into an acquisition agreement on 24 June 2014, a supplemental agreement on 15 April 2015, a second supplemental agreement on 12 July 2016 and a third supplemental agreement on 17 May 2017 to purchase the property at a consideration of approximately RMB100,042,870 (equivalent to approximately HK\$125,996,990).

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 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) (“Jinma Creative Industry Park”) with a total gross floor area of approximately 8,699 square metres.

As at 30 September 2017, the Group had obtained physical possession of the property and totally paid a conditionally 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 approximately RMB10,042,870 shall be paid within 30 days from the date on which the relevant building ownership certificates have been issued in favour of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 31 March 2018 (or such other date as may be mutually agreed).

- (B) The Group entered into a second acquisition agreement on 15 May 2015, a supplemental agreement on 12 July 2016 and a second supplemental agreement on 17 May 2017, 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 with a total gross floor area of approximately 5,400 square metres.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2017, the Group had obtained physical possession of the property and totally paid a conditionally 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 approximately RMB5,107,800 shall be paid within 30 days from the date on which the property has been registered under the name of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 31 March 2018 (or such other date as may be mutually agreed).

- (C) The Group entered into a third acquisition agreement on 10 November 2015 and a supplemental agreement on 17 May 2017, to further purchase the property at a consideration of approximately RMB101,628,955 (equivalent to approximately HK\$121,954,746). The property to be acquired, being a single-storey reinforced concrete building designated for office and storage uses, is the Block 2 of Jinma Creative Industry Park with a total gross floor area of approximately 4,957 square metres.

As at 30 September 2017, the Group had obtained physical possession of the property and totally paid a conditionally refundable deposit of RMB100,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB1,628,955 shall be paid within 30 days from the date on which the property has been registered under the name of the purchaser. The vendor shall register the title of the property under the name of the purchaser on or before 30 June 2018 (or such other date as may be mutually agreed).

The Yantian Properties recorded a loss of approximately HK\$370,000 for the six months ended 30 September 2017 which was mainly derived from administrative expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Zengcheng Properties

Reference is made to the announcements of the Company dated 15 April 2015, 5 June 2015, 27 August 2015, 15 June 2016 and 18 January 2017 in relation to the acquisition of certain properties located in Jinma Waterfront Square* (金馬水岸廣場). Given that the vendor failed to deliver the physical possession of the properties within the timeframe specified in the acquisition agreements, the Group served a termination notice to the vendor on 18 January 2017 and demand the refund of the consideration in the amount of RMB274,000,000 pursuant to the terms and conditions of the acquisition agreements and the payment of an additional sum representing not less than 3% thereof as compensation (details of which were disclosed in the announcement dated 18 January 2017). As at 30 September 2017, the Group had totally received RMB183,000,000 for the refund of the paid consideration and the payment of the compensation.

Hangzhou Properties

In late 2015, the patisserie coffee shop and the indoor recreation playground business operated in Hangzhou properties had ceased due to weak performance. Hangzhou, capital of Zhejiang Province, it has a population of nearly 9 million and is one of China's richest cities. However, the property market in Hangzhou suffered from the state macro control and has a pressure in its economic growth. It is the intention of the Group to dispose of the Hangzhou properties to potential investors, although the Group would still consider leasing them out.

Beijing Properties

The Group entered into an acquisition agreement on 28 February 2017 to purchase (a) office premises with a gross floor area of 8,335 square metres and (b) underground car park with a gross floor area of 3,100 square metres located in the Phase III of the Beijing Convention and Exhibition International Port (Exhibition Centre Ancillary Facilities) Project* (北京會展國際港展館配套設施項目第三期) for an initial consideration of RMB220,000,000 (equivalent to approximately HK\$253,000,000) (subject to adjustments).

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MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2017, the Group totally paid consideration of RMB200,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the pre-sale agreement between the vendor and the purchaser in relation to the sale and purchase of the property having been entered into and the building owner certificate having been obtained by the purchaser. Currently, the Beijing Properties are under construction progress. The expected construction completion date is in or around 31 December 2018.

IRON ORE MINING BUSINESS

While facing the Ministerial Regulation No. 1/2014 was promulgated by the Indonesian Government regarding the export restriction of iron sand still in force, the management had decided to stem the export of the iron sand trading business of PT. Dampar Golden International (an indirect 60% non-wholly-owned subsidiary of the Group) in Indonesia during the period under review as the purity level of the iron sand did not meet the minimum requirement under the Indonesia mining regulation.

After dismantled and removed the processing plants to warehouse, the management is continuing to explore the opportunity to dispose the plants and inventory. Meanwhile, the Group had closed down all activities except for those office and administration function.

Under the circumstances, the Company is considering to dispose the Indonesia mining business to potential investors who are interested in the mine so that the management can focus their effort on the other business units.

This segment recorded a loss of approximately HK\$1,016,000 for the six months ended 30 September 2017 (six months ended 30 September 2016: approximately HK\$1,615,000). The loss was mainly derived from administrative expenses.

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MANAGEMENT DISCUSSION AND ANALYSIS

INVESTING AND FINANCING BUSINESS

Money Lending Business

The Group has obtained a money lenders licence in Hong Kong since July 2015 through its indirect wholly-owned subsidiary, Asia Financial Holdings (Hong Kong) Limited (“Asia Financial”). Under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong), Asia Financial has commenced the money lending business since September 2015. In view of the keen competition on this business, the Group will continue to approach high credit rating customers.

For the period under review, the money lending business recorded a revenue of approximately HK\$1,838,000 (six months ended 30 September 2016: approximately HK\$3,734,000).

Securities and Other Trading Business

During the period under review, due to the volatility of the stock market, the management was prudent in taking risk on the securities trading business. There is no trading of securities during the six months ended 30 September 2017. The management focus their effort on other business.

Therefore, the investing and financing business for the six months ended 30 September 2017 recorded a loss of approximately HK\$1,037,000 (six months ended 30 September 2016: approximately HK\$216,000). The loss in 2017 was mainly derived from administrative expenses.

OTHER

- (A) The Group entered into a sale and purchase agreement on 29 June 2016 with Ms. Hu Huifang* (胡惠芳) and Ms. Shi Xiulan* (石秀蘭), relating to the acquisition of 100% equity interest of Shaanxi Tiandi Zhongli Energy Development Company Limited* (陝西天地眾力能源發展有限公司) (“Shaanxi Tiandi”) at a consideration of RMB31,200,000 (equivalent to approximately HK\$36,816,000). Shaanxi Tiandi was established in the PRC with limited liability and is principally engaged in vehicle liquefied natural gas supply business, it owns and operates the LNG Station. The Group had served a termination notice to the vendors for, among other things, termination of the sale and purchase agreement on 26 June 2017.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

(B) During the period under review, the Group paid interest for convertible notes/bonds of approximately HK\$4,910,000 (six months ended 30 September 2016: approximately HK\$5,511,000) and incurred non-cash finance costs of approximately HK\$16,740,000 (six months ended 30 September 2016: approximately HK\$15,907,000) as a result of the imputed interests on the convertible notes/bonds issued.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: HK\$Nil).

SHARE CAPITAL

As at 30 September 2017, the total number of issued ordinary shares of the Company was 6,343,690,000 (31 March 2017: 5,343,690,000). On 7 July 2017, the Company and Mr. Li Yuguo entered into a subscription agreement that Mr. Li Yuguo agreed to subscribe 1,000,000,000 new ordinary shares at subscription price of HK\$0.25 per share. The subscription had been completed on 8 August 2017. Details of which are set out in the announcements of the Company dated 7 July 2017 and 8 August 2017. Saved as disclosed above, there was no change in the share capital structure of the Company during the period under review.

2015 CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 21 May 2015 and 20 August 2015 and the circular of the Company dated 6 July 2015 in relation to the placing of a 3-year 4% coupon convertible bonds due 2018 (at a conversion price of HK\$0.72 – subject to adjustment) in the aggregate principal amount of up to HK\$432,000,000 (the “2015 CB Placing”). The 2015 CB Placing was completed on 20 August 2015 (the “2015 Convertible Bonds”).

During the period under review, no holder of the 2015 Convertible Bonds has converted any outstanding principal amount into shares of the Company. As at 30 September 2017, the principal amount of the 2015 Convertible Bonds outstanding was HK\$244,800,000.

MANAGEMENT DISCUSSION AND ANALYSIS

EQUITY FUND RAISING ACTIVITIES

Subscription of Shares

On 7 July 2017, the Company and Mr. Li Yuguo entered into a subscription agreement that Mr. Li Yuguo agreed to subscribe 1,000,000,000 new ordinary shares at subscription price of HK\$0.25 per share. The subscription had been completed on 8 August 2017. Details of which are set out in the announcements of the Company dated 7 July 2017 and 8 August 2017.

The net proceeds of approximately of HK\$249,900,000 are intended to be used for acquisition and development of businesses relating to natural resources or the products thereof or for working capital of the Group. As at 30 September 2017, the net proceeds of subscription of shares of approximately HK\$249,900,000 was applied to the settlement of considerations in related to the acquisition of 67% equity interests of Good Union.

Change in Use of Proceeds from Previous Subscription of Shares

On 19 May 2015, the Company entered into a share subscription agreement, which the Company had conditionally agreed to allot and issue a total of 1,330,000,000 subscription shares at the subscription price of HK\$0.36 per share with Xi'an Communication Energy (Hongkong) Co., Limited. The share subscription was completed on 16 November 2015. The net proceeds of the share subscription of approximately HK\$472,600,000 were intended to utilise as (i) general working capital of the Group and (ii) the investment in natural gas business when opportunities arise.

On 23 May 2017, the directors of the Company considered there may not be a reasonable prospect that relevant investment opportunities on natural gas business could be identified in the foreseeable future. Therefore, the directors changed the use of proceeds of (i) approximately HK\$244,000,000 for investment in entities engage in exploitation, production and sales of spring water, (ii) approximately HK\$23,000,000 for working capital of the Group and (iii) approximately HK\$205,600,000 deposited in the bank accounts of the Group.

Details of which are set out in the announcements of the Company dated 21 May 2015, 16 November 2015 and 23 May 2017 and the circular of the Company dated 6 July 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2017, the net proceeds of approximately HK\$244,000,000 was applied to the redemption of promissory notes in related to the acquisition of 20% equity interests of Spring Water and the net proceeds of approximately HK\$228,600,000 has yet to be used.

CAPITAL STRUCTURE

Total equity attributable to owners of the Company increase to approximately HK\$2,137,947,000 as at 30 September 2017 from approximately HK\$1,884,213,000 as at 31 March 2017. As at 30 September 2017, the short-term and long-term interest bearing debts to total equity attributable to owners of the Company was approximately 10.37% (31 March 2017: approximately 11.13%).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had total assets of approximately HK\$2,903,137,000 (31 March 2017: approximately HK\$2,433,016,000) which was financed by current liabilities of approximately HK\$613,312,000 (31 March 2017: approximately HK\$306,712,000), non-current liabilities of approximately HK\$41,469,000 (31 March 2017: approximately HK\$251,238,000), non-controlling interests of approximately HK\$110,409,000 (31 March 2017: approximately HK\$9,147,000) and total equity attributable to owners of the Company of approximately HK\$2,137,947,000 (31 March 2017: approximately HK\$1,884,213,000).

The Group's current ratio as at 30 September 2017 was approximately 2.80 (31 March 2017: approximately 5.23) and gearing ratio, representing convertible bonds, divided by total equity attributable to owners of the Company was approximately 10.37% (31 March 2017: approximately 11.13%). As at 30 September 2017, approximately 100% of debts were denominated in Hong Kong Dollars and with fixed interest coupon rate (31 March 2017: approximately 100%).

As at 30 September 2017 and 31 March 2017, the Group had no pledged/charged on Group's assets.

As at 30 September 2017, except for the capital commitments amounting to approximately HK\$131,228,000 (31 March 2017: approximately HK\$251,442,000), the Group had no other material capital commitments and contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS

Acquisitions

Details of two material acquisitions refer to “Water Production and Sales” and “Water Mining” under “Water Business” of Management Discussion and Analysis.

Disposals

Disposal of 60% and 40% equity interests of Shenzhen Penghongsheng Industrial Development Company Limited* (深圳鵬鴻昇實業發展有限公司) (“Penghongsheng”)

On 27 April 2017, Hongyuan Information Consultancy (Shenzhen) Company Limited* (鴻源信息諮詢(深圳)有限公司) (“Hongyuan”), being an indirect wholly-owned subsidiary of the Company, entered into a first disposal agreement with Shenzhen Shi Anye Chuangzhan Investment Development Company Limited* (深圳市安業創展投資發展有限公司) (“Shenzhen Shi Anye”) in relation to the disposal of Penghongsheng, pursuant to which Hongyuan had agreed to sell and Shenzhen Shi Anye had agreed to purchase 60% equity interests in Penghongsheng and Hongyuan had agreed to sell and to procure certain members of the Group to sell and Shenzhen Shi Anye had agreed to purchase the amounts owed by Penghongsheng to Hongyuan and certain members of the Group for the disposal consideration of RMB240,000,000 (equivalent to approximately HK\$271,000,000). The disposal had been completed on 11 May 2017.

On 6 June 2017 and 28 August 2017, Hongyuan, entered into a second disposal agreement and a supplemental agreement respectively, with Shenzhen Shi Anye in relation to the disposal of 40% equity interests in Penghongsheng, pursuant to which Hongyuan had conditionally agreed to sell and Shenzhen Shi Anye had conditionally agreed to purchase 40% equity interests in Penghongsheng and Hongyuan had conditionally agreed to sell and to procure certain members of the Group to sell and Shenzhen Shi Anye had conditionally agreed to purchase the amounts owed by Penghongsheng to Hongyuan and certain members of the Group for the disposal consideration of RMB160,000,000 (equivalent to approximately HK\$188,000,000). The disposal was subsequently completed on 30 October 2017.

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

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MANAGEMENT DISCUSSION AND ANALYSIS

SUBSEQUENT EVENTS

Details of significant subsequent events are set out in note 30 to the interim financial report.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong Dollars, Renminbi, Indonesian Rupiah and US Dollars which have been relatively stable during the six months ended 30 September 2017. The Group was not exposed to material exchange risk and had not employed any financial instruments for hedging purposes.

EMPLOYEE AND REMUNERATION POLICY

The Group has a total of approximately 48 employees in Hong Kong, Indonesia and the PRC as at 30 September 2017. The total cost (staff salaries and directors' emoluments) for the six months ended 30 September 2017 amounted to approximately HK\$3,494,000. 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 provides medical benefits and sponsors employees in different training and continuous education programs.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2017, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 (the "Model Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in shares, underlying shares and debentures of the Company

Name of director	Capacity	Number of issued ordinary shares held	Number of underlying share held pursuant to share options	Total interests	Approximately percentage of the issued share capital of the Company (Note 1)
Li Yuguo (Note 2)	Beneficial owner	1,000,000,000	–	1,000,000,000	15.76%
Huang Yilin	Beneficial owner	70,000	80,000,000	80,070,000	1.26%
Chan Shi Yin, Keith	Beneficial owner	1,200,000	80,000,000	81,200,000	1.28%
Zhang Xianlin	Beneficial owner	–	6,840,000	6,840,000	0.11%
Kwok Hong Yee, Jesse	Beneficial owner	–	6,700,000	6,700,000	0.11%

Notes:

1. The percentages calculated are based on the total number of issued shares of the Company of 6,343,690,000 Shares as at 30 September 2017.
2. Appointed on 16 August 2017.

OTHER INFORMATION

Save as disclosed above, as at 30 September 2017, none of the directors or the chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 14 January 2002 (the “2002 Share Option Scheme”) had 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.

2002 SHARE OPTION SCHEME

As at 30 September 2017, the number of shares in respect of which share options remained outstanding under 2002 Share Option Scheme was 220,000.

During the period under review, 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) HK\$	Number of share options					Outstanding at 30 September 2017
			Outstanding at 1 April 2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
Category 1: Director								
Zhang Xianlin	12 Jul 2011 – 11 Jul 2021	1.775	140,000	-	-	-	-	140,000
Total for Director			140,000	-	-	-	-	140,000
Category 2: Employees								
Employees	12 Jul 2011 – 11 Jul 2021	1.775	3,080,000	-	-	(3,000,000)	-	80,000
Total for Employees			3,080,000	-	-	(3,000,000)	-	80,000
Total for all categories			3,220,000	-	-	(3,000,000)	-	220,000

Note:

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).

OTHER INFORMATION

2011 SHARE OPTION SCHEME

Reference is also made to the circular of the Company dated 22 August 2017. On 21 September 2017, an ordinary resolution was duly passed by the shareholders at 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 21 September 2017 was 634,369,000.

During the period under review, 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\$	Outstanding at 1 April 2017	Number of share options					Outstanding at 30 September 2017	
				Granted during the period	Reclassification of categories during the period	Exercised during the period	Lapsed during the period	Cancelled during the period		
Category I: Directors										
Huang Yilin	20 Apr 2015	20 Apr 2015 – 19 Apr 2025	0.395	27,000,000	–	–	–	–	–	27,000,000
	28 Sept 2016	28 Sept 2016 – 27 Sept 2026	0.261	53,000,000	–	–	–	–	–	53,000,000
Chan Shi Yin, Keith	20 Apr 2015	20 Apr 2015 – 19 Apr 2025	0.395	27,000,000	–	–	–	–	–	27,000,000
	28 Sept 2016	28 Sept 2016 – 27 Sept 2026	0.261	53,000,000	–	–	–	–	–	53,000,000
Zhang Xianlin	26 Aug 2014	26 Aug 2014 – 25 Aug 2024	0.352	200,000	–	–	–	–	–	200,000
	3 Oct 2014	3 Oct 2014 – 2 Oct 2024	0.520	1,000,000	–	–	–	–	–	1,000,000
	20 Apr 2015	20 Apr 2015 – 19 Apr 2025	0.395	500,000	–	–	–	–	–	500,000
	28 Sept 2016	28 Sept 2016 – 27 Sept 2026	0.261	5,000,000	–	–	–	–	–	5,000,000
Kwok Hong Yee, Jesse	26 Aug 2014	26 Aug 2014 – 25 Aug 2024	0.352	200,000	–	–	–	–	–	200,000
	3 Oct 2014	3 Oct 2014 – 2 Oct 2024	0.520	1,000,000	–	–	–	–	–	1,000,000
	20 Apr 2015	20 Apr 2015 – 19 Apr 2025	0.395	500,000	–	–	–	–	–	500,000
	28 Sept 2016	28 Sept 2016 – 27 Sept 2026	0.261	5,000,000	–	–	–	–	–	5,000,000
Wu Hongquan (Note 1)	28 Sept 2016	28 Sept 2016 – 27 Sept 2026	0.261	53,000,000	–	(53,000,000)	–	–	–	–
Li Yali (Note 2)	28 Sept 2016	28 Sept 2016 – 27 Sept 2026	0.261	53,000,000	–	–	–	–	–	53,000,000
Zhang Zhensheng (Note 2)	28 Sept 2016	28 Sept 2016 – 27 Sept 2026	0.261	53,000,000	–	–	–	–	–	53,000,000
Total for Directors				332,400,000	–	(53,000,000)	–	–	–	279,400,000

OTHER INFORMATION

Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding at 1 April 2017	Number of share options					Outstanding at 30 September 2017	
				Granted during the period	Reclassification of categories during the period	Exercised during the period	Lapsed during the period	Cancelled during the period		
Category 2: Employees										
Employees	26 Aug 2014	26 Aug 2014 – 25 Aug 2024	0.352	1,200,000	-	-	-	-	-	1,200,000
	3 Oct 2014	3 Oct 2014 – 2 Oct 2024	0.520	45,400,000	-	-	-	(33,900,000)	-	11,500,000
	20 Apr 2015	20 Apr 2015 – 19 Apr 2025	0.395	20,800,000	-	-	-	(600,000)	-	20,200,000
	28 Sept 2016	28 Sept 2016 – 27 Sept 2026	0.261	51,500,000	-	53,000,000 (Note 1)	-	-	-	104,500,000
Total for Employees				118,900,000	-	53,000,000	-	(34,500,000)	-	137,400,000
Category 3: Consultant										
Consultant	28 Sept 2016	28 Sept 2016 – 27 Sept 2026	0.261	53,000,000	-	-	-	-	-	53,000,000
Total for Consultant				53,000,000	-	-	-	-	-	53,000,000
Total for all categories				504,300,000	-	-	-	(34,500,000)	-	469,800,000

Notes:

- (1) Mr. Wu Hongquan resigned as a director of Asia Resources Holdings Limited with effect from 28 April 2017, but he remained as director of certain subsidiaries of the group till 12 September 2017. Therefore, his outstanding options have been reclassified under "Employees" category.
- (2) Resigned with effect from 28 April 2017.

The closing price of the Company's shares quoted on the Stock Exchange on the respective dates of grant of 26 August 2014, 3 October 2014, 20 April 2015 and 28 September 2016 were HK\$0.345, HK\$0.520, HK\$0.395 and HK\$0.255 respectively.

OTHER INFORMATION

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above in respect of the directors' interest in securities regarding the Company's share option scheme, at no time during the period was the Company, its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2017, so far as was known to the Directors and the chief executive of the Company, the following shareholders (other than any Director and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company <i>(Note)</i>
Yang Xiaoqiang	Beneficial owner	1,330,000,000	20.97%

Note: The percentages were calculated based on 6,343,690,000 shares of the Company in issue as at 30 September 2017.

OTHER INFORMATION

Save as disclosed above, the Company had not been notified and is not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as having an interest of 5% or more in the issued share capital of the Company as at 30 September 2017.

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 2017.

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:

1. 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.
2. Under Code provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. During the period, the roles of the chairman and the CEO of the Company were not separated and were performed by Mr. Wu Hongquan until his resignation on 28 April 2017. The position of CEO of the Company was then taken up by Mr. Huang Yilin on 16 August 2017. Subsequently, on 22 September 2017, the position of the chairman of the Company has been taken up by Mr. Li Yuguo.

OTHER INFORMATION

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 2017.

INFORMATION REGARDING DIRECTORS

There was no change in the information regarding the Directors of the Company subsequent to the date of publication of the Annual Report 2017 of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 2017.

By Order of the Board

Li Yuguo

Chairman

Hong Kong, 30 November 2017

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 2017 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 2017

	Note	For the six months ended 30 September	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Revenue, net	5	1,838	3,734
Other income and gain/(losses)	6	1,245	(1,603)
Administrative expenses		(17,796)	(49,486)
Share of results of associates		3,867	(442)
Gain/(loss) on disposal of subsidiaries	7	6,926	(110)
Finance costs	8	(54,885)	(15,941)
Loss before taxation	9	(58,805)	(63,848)
Taxation	10	(981)	–
Loss for the period		(59,786)	(63,848)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Note	For the six months ended 30 September	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		62,897	(52,300)
Reclassification adjustments relating to foreign operations disposed during the period		–	123
Other comprehensive income/(loss) for the period, net of tax		62,897	(52,177)
Total comprehensive income/(loss) for the period		3,111	(116,025)
Loss attributable to:			
– Owners of the Company		(59,186)	(63,440)
– Non-controlling interests		(600)	(408)
		(59,786)	(63,848)
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		3,734	(115,335)
– Non-controlling interests		(623)	(690)
		3,111	(116,025)
		HK\$	HK\$
Loss per share attributable to owners of the Company:			
– Basic and diluted	11	0.010	0.012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Note	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	38,335	39,630
Intangible assets	14	378,318	–
Interests in associates	15	238,759	427,228
Deposits paid	18	528,293	361,011
		1,183,705	827,869
Current assets			
Properties under development	16	789,091	765,866
Loan receivables	17	111,974	38,344
Prepayments, deposits and other receivables	18	197,679	317,360
Financial assets at fair value through profit or loss		6,341	7,762
Amount due from an associate	15	–	11,789
Bank balances and cash		426,205	464,026
		1,531,290	1,605,147
Assets classified as held for sale	19	188,142	–
		1,719,432	1,605,147
Current liabilities			
Trade payables	20	37,869	39,560
Other payables and accruals	21	149,865	166,847
Tax payables		1,109	223
Convertible bonds	23	221,599	–
Receipts in advance		202,870	100,082
		613,312	306,712

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Note	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Net current assets		1,106,120	1,298,435
Total assets less current liabilities		2,289,825	2,126,304
Capital and reserves			
Share capital	22	1,585,923	1,335,923
Reserves		552,024	548,290
Total equity attributable to owners of the Company		2,137,947	1,884,213
Non-controlling interests		110,409	(9,147)
		2,248,356	1,875,066
Non-current liabilities			
Convertible bonds	23	–	209,769
Deferred tax liabilities		41,469	41,469
		41,469	251,238
		2,289,825	2,126,304

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Convertible notes/bonds reserve	Share-based payment reserve	Special reserve	Translation reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016 (audited)	1,335,923	1,597,179	198,350	72,891	471,007	92,926	(63,827)	(1,232,611)	2,047,938	(8,070)	2,039,868
Loss for the period	-	-	-	-	-	-	-	(63,440)	(63,440)	(408)	(63,848)
Other comprehensive (loss)/ income for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-	-	(52,018)	-	(52,018)	(282)	(52,300)
Reclassification adjustments relating to foreign operations disposed of during the period	-	-	-	-	-	-	123	-	123	-	123
Total comprehensive loss for the period	-	-	-	-	-	-	(51,895)	(63,440)	(115,335)	(690)	(116,025)
Equity settled share-based transactions	-	-	-	-	34,783	-	-	-	34,783	-	34,783
At 30 September 2016 (unaudited)	1,335,923	1,597,179	198,350	72,891	81,890	92,926	(115,722)	(1,296,051)	1,967,386	(8,760)	1,958,626
At 1 April 2017 (audited)	1,335,923	1,597,179	198,350	72,561	77,331	92,926	(169,541)	(1,320,516)	1,884,213	(9,147)	1,875,066
Loss for the period	-	-	-	-	-	-	-	(59,186)	(59,186)	(600)	(59,786)
Other comprehensive (loss)/ income for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-	-	62,920	-	62,920	(23)	62,897
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	62,920	(59,186)	3,734	(623)	3,111
Lapse of share options	-	-	-	-	(13,873)	-	-	13,873	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	120,179	120,179
Subscription of shares	250,000	-	-	-	-	-	-	-	250,000	-	250,000
At 30 September 2017 (unaudited)	1,585,923	1,597,179	198,350	72,561	63,458	92,926	(106,621)	(1,365,829)	2,137,947	110,409	2,248,356

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	For the six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Net cash used in operating activities	(149,148)	(19,350)
Investing activities		
Deposit for acquisition of investment properties/buildings	(149,899)	(29,561)
Net cash inflow from disposal of subsidiaries	270,363	40,913
Net proceeds from disposal of property, plant and equipment	–	243
Purchase of property, plant and equipment	–	(1,904)
Refund of deposit paid	153,358	–
Receipt in advance for disposal of subsidiary	92,246	–
Net cash outflow from acquisition of subsidiary	(245,323)	–
Interest received	85	1,040
Net cash generated from investing activities	120,830	10,731
Financing activities		
Net proceeds from subscription of shares	249,900	–
Redemption of promissory notes	(268,491)	–
Interest paid	(8,292)	(12,891)
Net cash used in financing activities	(26,883)	(12,891)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	For the six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Net decrease in cash and cash equivalents	(55,201)	(21,510)
Cash and cash equivalents at the beginning of the period	464,026	506,806
Effect of foreign exchange rate changes	17,380	(3,662)
Cash and cash equivalents at the end of the period	426,205	481,634
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	426,205	481,634

NOTES TO THE INTERIM FINANCIAL REPORT

I. GENERAL

Asia Resources Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of its interim report.

The Company acts as an investment holding company, while its subsidiaries (hereinafter the Company and its subsidiaries are collectively referred to as the "Group") are principally engaged in water exploitation operations, property sales and investment operations in the People's Republic of China (the "PRC"), engaged in iron ore exploration, exploitation and trading operations in Indonesia, and engaged in investing and financing operations in Hong Kong.

According to the register of substantial shareholder maintained by the Company, at 30 September 2017, substantial shareholders of the Company were Mr. Yang Xiaoqiang and Mr. Li Yuguo.

The interim financial report is presented in Hong Kong Dollars ("HK\$"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The interim financial report has 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 interim financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This interim financial report was approved for issue on 30 November 2017. This interim financial report has not been audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial report has been prepared on the historical cost basis.

The interim financial report for the six months ended 30 September 2017 has been prepared in accordance with the same accounting policies adopted in the Group's consolidated financial statements for the year ended 31 March 2017.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2017. The application of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's interim financial report and amounts reported for the current interim period and prior years.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The directors anticipate that the application of these new standards, amendments and interpretations will have no material impact on the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT

4. 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 water exploitation operations, the CODM regularly reviews the performance of the water exploitation operations in the PRC. These operations have been aggregated into a single operating segment and named "Water exploitation operations".
- (2) For iron ore exploration, exploitation and trading operations, the CODM regularly reviews the performance of the iron ore operations in Indonesia. These operations have been aggregated into a single operating segment and named "Iron ore exploration, exploitation and trading operations".
- (3) For investing and financing operations, the CODM regularly reviews the performance of the investing and financing operations. These operations have been aggregated into a single operating segment and named "Investing and financing".
- (4) For property sales and investment operations, the CODM regularly reviews the performance of the property sales and investment operations. These operations have been aggregated into a single operating segment and named "Property sales and investment".

There were no inter-segment sales during the six months ended 30 September 2017 (six months ended 30 September 2016: HK\$Nil).

NOTES TO THE INTERIM FINANCIAL REPORT

4. SEGMENT INFORMATION (Continued)

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

Six months ended 30 September

	Water exploitation operations		Iron ore exploration, exploitation and trading operations		Investing and financing		Property sales and investment		Unallocated		Consolidation	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	-	-	-	-	1,838	3,734	-	-	-	-	1,838	3,734
Total revenue	-	-	-	-	1,838	3,734	-	-	-	-	1,838	3,734
Segment results	(838)	-	(1,016)	(1,615)	(1,037)	(216)	(1,039)	(1,446)	-	-	(3,920)	(3,277)
Gain / (loss) on disposal of property, plant and equipment	-	-	-	59	-	(11)	-	-	-	-	-	48
Other income and gain	-	-	-	116	-	-	21	-	1,224	830	1,245	946
Gain on disposal of subsidiaries	-	-	-	-	-	-	-	-	6,926	2	6,926	2
Fair value changes on financial assets at fair value through profit or loss	-	-	-	-	(1,421)	(254)	-	-	-	-	(1,421)	(254)
Central administration costs	-	-	-	-	-	-	-	-	(10,617)	(42,635)	(10,617)	(42,635)
Share of results of associates	3,867	-	-	-	-	-	-	-	-	(442)	3,867	(442)
Finance costs	-	-	-	-	-	(35)	-	-	(54,885)	(15,906)	(54,885)	(15,941)
Loss before taxation											(58,805)	(63,848)
Taxation											(901)	-
Loss for the period											(59,786)	(63,848)

NOTES TO THE INTERIM FINANCIAL REPORT

4. SEGMENT INFORMATION (Continued)

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

	Water exploitation operations		Iron ore exploration, exploitation and trading operations		Investing and financing		Property sales and investment		Consolidation	
	At	At	At	At	At	At	At	At	At	At
	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS										
Segment assets	393,694	-	2,940	3,040	119,997	47,666	1,526,117	1,425,076	2,042,748	1,475,782
Unallocated corporate assets									860,389	957,234
									2,903,137	2,433,016
LIABILITIES										
Segment liabilities	(26,466)	-	(4)	(6)	(1,205)	(1,270)	(340,804)	(329,516)	(368,479)	(330,792)
Unallocated corporate liabilities									(286,302)	(227,158)
									(654,781)	(557,950)

5. REVENUE, NET

	For the six months ended	
	2017	2016
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Investing and financing, net	1,838	3,734

NOTES TO THE INTERIM FINANCIAL REPORT

6. OTHER INCOME AND GAIN/(LOSSES)

	For the six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Interest income on bank deposit	85	1,040
Sundry and other operating income	932	196
Fair value change on financial assets at fair value through profit or loss	–	(2,549)
Exchange gain/(loss), net	228	(290)
	1,245	(1,603)

7. GAIN/(LOSS) ON DISPOSAL OF SUBSIDIARIES

- (a) On 27 April 2017, the Group has disposed of 60% equity interests of Shenzhen Penghongsheng Industrial Development Company Limited* (深圳鵬鴻昇實業發展有限公司) ("Penghongsheng"), an indirect wholly-owned subsidiary of the Company at a consideration of RMB240,000,000 (equivalent to approximately HK\$271,000,000).

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

	HK\$'000
Consideration received	270,786
Net assets disposed of:	
Interest in an associate	(256,363)
Amount due from an associate	(7,074)
Cash and cash equivalents	(423)
Gain on disposal of subsidiary	6,926
Satisfied by	
Cash	270,786
Net cash inflow from disposal:	
Cash consideration	270,786
Bank balance and cash disposed	(423)
	270,363

* For identification purposes only

NOTES TO THE INTERIM FINANCIAL REPORT

7. GAIN/(LOSS) ON DISPOSAL OF SUBSIDIARIES (Continued)

- (b) On 25 April 2016, the Group has disposed of the entire registered capital of Shenzhen Shi Longxinchang Industrial Company Limited* (深圳市隆欣昌實業發展有限公司), a wholly-owned subsidiary of the Company at a consideration of RMB13,600,000 (equivalent to approximately HK\$16,048,000).

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

	HK\$'000
Consideration received	16,048
Net assets disposed of:	
Prepayment	(15,930)
Cash and cash equivalents	(119)
	(1)
Release from translation reserve	(23)
	(24)
Loss on disposal of subsidiary	(24)
Satisfied by	
Cash	16,048
Net cash inflow from disposal:	
Cash consideration	16,048
Bank balance and cash disposed	(119)
	15,929

* For identification purposes only

NOTES TO THE INTERIM FINANCIAL REPORT

7. GAIN/(LOSS) ON DISPOSAL OF SUBSIDIARIES (Continued)

- (c) On 25 April 2016, the Group has disposed of its entire registered capital of 深圳聚昌源實業發展有限公司, a wholly-owned subsidiary of the Company at a consideration of RMB41,000,000 (equivalent to approximately HK\$48,397,000).

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

	HK\$'000
Consideration received	48,397
Net assets disposed of:	
Prepayment	(47,217)
Cash and cash equivalents	(1,178)
	2
Release from translation reserve	(88)
	(86)
Loss on disposal of subsidiary	(86)
Satisfied by	
Cash	48,397
Net cash inflow from disposal:	
Cash consideration	48,397
Bank balance and cash disposed	(1,178)
	47,219

NOTES TO THE INTERIM FINANCIAL REPORT

8. FINANCE COSTS

	For the six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Imputed interest on convertible notes	16,740	15,907
Interests paid on promissory notes	4,509	–
Loss on redemption of promissory notes	33,599	–
Other interest	37	34
	54,885	15,941

9. LOSS BEFORE TAXATION

	For the six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
The Group's loss before taxation is carried at after charging/(crediting)		
Depreciation of property, plant and equipment	754	877
Staff cost (including directors' remuneration)	3,494	34,906
Minimum lease payments under operating lease	1,077	1,115
Gain on disposal of property, plant and equipment	–	(48)
Fair value change on financial asset at fair value through profit or loss	1,421	2,549

NOTES TO THE INTERIM FINANCIAL REPORT

10. TAXATION

	For the six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Current tax:		
– Enterprise Income Tax	981	–

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the general tax rate of the PRC subsidiaries is 25%.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit for the period (six months ended 30 September 2016: HK\$Nil).

No provision for Indonesia Corporate Income Tax has been made as the Group's operation in Indonesia had no assessable profit for the period (six months ended 30 September 2016: HK\$Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	For the six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company	(59,186)	(63,440)
	Shares (unaudited)	Shares (unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share (Note)	5,638,771,967	5,343,690,000

Note:

The basic and diluted loss per share are the same for the six months ended 30 September 2017 and 2016, 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.

NOTES TO THE INTERIM FINANCIAL REPORT

12. DIVIDENDS

On 30 November 2017, no interim dividend was declared by the Company for the six months ended 30 September 2017 (six months ended 30 September 2016: HK\$Nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group has acquired property, plant and equipment of HK\$Nil (six months ended 30 September 2016: approximately HK\$1,904,000). The items of property, plant and equipment with carrying amount of approximately HK\$32,000 (six months ended 30 September 2016: approximately HK\$243,000) were disposed during the six months ended 30 September 2017.

At 30 September 2017, no property, plant and equipment has been pledged to secure credit facilities (31 March 2017: HK\$Nil).

14. INTANGIBLE ASSETS

	Exclusive right HK\$'000 (Note 1)	Water mining licence HK\$'000 (Note 2)	Total HK\$'000
Cost			
At 1 April 2016 (audited), 31 March 2017 (audited) and 1 April 2017 (audited)	576,334	–	576,334
Additions on acquisition of subsidiaries	–	374,427	374,427
Acquisition-related cost capitalised	–	3,891	3,891
At 30 September 2017 (unaudited)	576,334	378,318	954,652
Accumulated amortisation and impairment			
At 1 April 2016 (audited), 31 March 2017 (audited), 1 April 2017 (audited) and 30 September 2017 (unaudited)	576,334	–	576,334
Carrying amount			
At 30 September 2017 (unaudited)	–	378,318	378,318
At 31 March 2017 (audited)	–	–	–

NOTES TO THE INTERIM FINANCIAL REPORT

14. INTANGIBLE ASSETS (Continued)

Notes:

1. 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 licence 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 right was estimated with reference to the validity of the operation licence held by Indo. The operation licence 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.

The capitalised cost of the exclusive right was amortised over the remaining period of the licence as from 1 April 2014 to 20 July 2020. Amortisation was fully provided during the year ended 31 March 2016 after impairment loss of HK\$26,557,000 was recognised.

During the year ended 31 March 2014, the Ministerial Regulation No. 1/2014 was 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.

During the period under review, the export restriction of iron sand was still in force and the purity level of the iron sand did not meet the minimum requirement of Ministerial Regulation, and therefore the management had decided to stem the export of the iron sand and trading business. The Group is required to assess any indication of impairment at the end of each reporting period. As at 30 September 2017, the aforementioned export restriction of iron sand is still in force, and the management has the judgement that the iron sand and trading business is not able to be resumed in the foreseeable future, therefore no reversal of impairment was recognised for the exclusive right for the six months ended 30 September 2017.

2. The water mining licence represents the right to conduct water exploitation activities in Hunan.

No amortisation was provided for the six months ended 30 September 2017 as commercial production has not yet commenced during the period.

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

NOTES TO THE INTERIM FINANCIAL REPORT

15. INTERESTS IN ASSOCIATES

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Cost of interests in associates		
At the beginning of the period	427,228	456,313
Acquisition during the period	234,892	–
Disposed during the period	(427,228)	–
Share of post-acquisition profits/(losses) and other comprehensive income/(loss) during the period, net of dividends received	3,867	(29,085)
At the end of the period	238,759	427,228
Amount due from an associate (<i>note a</i>)	–	11,789

Notes:

- (a) Amount due from an associate is unsecured, interest-free and recoverable on demand.
- (b) On 6 June 2017 and 28 August 2017, Hongyuan, entered into a second disposal agreement and a supplemental agreement respectively, with Shenzhen Shi Anye in relation to the disposal of remaining 40% equity interests in Penghongsheng, pursuant to which Hongyuan had conditionally agreed to sell and Shenzhen Shi Anye had conditionally agreed to purchase 40% equity interests in Penghongsheng and Hongyuan had conditionally agreed to sell and to procure certain members of the Group to sell and Shenzhen Shi Anye had conditionally agreed to purchase the amounts owed by Penghongsheng to Hongyuan and certain members of the Group for the disposal consideration of RMB160,000,000 (equivalent to approximately HK\$188,000,000). As at 30 September 2017, the disposal group was reclassified to assets classified as held for sale. The disposal was subsequently completed on 30 October 2017.
- (c) The Group entered into an acquisition agreement with Jiu Tai International Resources Company Limited (a company beneficially owned by our substantial shareholder, Mr. Li Yuguo) on 19 April 2017 to acquire 20% equity interests of Hong Kong Spring Water Ding Dong Group Company Limited ("Spring Water") at a consideration of HK\$273,000,000.

NOTES TO THE INTERIM FINANCIAL REPORT

15. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's associates held by the Company at the end of reporting period, are as follows:

Name of associate	Form of business and structure	Place of incorporation/ operation	Class of shares/ registered capital held	Proportion of nominal value of paid capital/registered capital and voting power held by the Group		Principal activities
				At	At	
				30 September 2017 (unaudited)	31 March 2017 (audited)	
Hong Kong Spring Water Ding Dong Group Company Limited	Incorporated	Hong Kong	Registered	20%	Nil	Investment holding
Guangxi Kangzhiyuan Natural Mineral Water Company Limited* (廣西康之源天然山泉水有限責任公司)	Incorporated	The PRC	Registered	20%	Nil	Production and sales of bottled water
Shenzhen Zhaosheng Anye Investment Development Company Limited* (深圳招商安業投資發展有限公司)	Incorporated	The PRC	Registered	Nil	35%	Property development and operation

Summarised financial information in respect of the Group's associates is set out below:

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Current assets	25,586	358,800
Non-current assets	1,523,075	289
Current liabilities	558,144	377,705

* For identification purposes only

NOTES TO THE INTERIM FINANCIAL REPORT

15. INTERESTS IN ASSOCIATES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in associates recognised in the interim financial report.

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Net liabilities of the associates as at acquisition date	(33,841)	(15,723)
Proportion of the Group's ownership interests in the associates	20%	35%
Cost of interests in associates		
Unlisted outside Hong Kong	–	(5,503)
Unlisted in Hong Kong	(6,768)	–
Excess of the net fair value of the identifiable assets and liabilities over the cost of the investment	210,217	–
Goodwill	31,443	467,812
Share of post-acquisition profits/(losses) and other comprehensive income/(loss), net of dividends received	3,867	(35,081)
Carrying amount of the Group's interests in associates	238,759	427,228

16. PROPERTIES UNDER DEVELOPMENT

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Properties under development	789,091	765,866

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 2017, the balance included land use rights of approximately HK\$189,360,000 (31 March 2017: HK\$195,125,000). Upon completion of the construction, the land use rights will be transferred to property held for sale.

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

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Located in the PRC, held on: Leases of between 10 and 50 years	789,091	765,866

NOTES TO THE INTERIM FINANCIAL REPORT

17. LOAN RECEIVABLES

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Loan receivables	110,300	37,595
Interest receivables	1,674	749
	111,974	38,344

The maturity profile of the loan receivables at the end of the reporting period, analysed by the maturity date, is as follows:

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Within 1 year	111,974	38,344

The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong Dollars. The loan receivables were repaid in accordance with the terms of the loan agreements and all loan receivables are recoverable within one year.

All loan receivables are secured, bearing interest and are receivable with fixed terms agreed with customers. They are neither past due nor impaired. The maximum exposure to credit risk at the reporting date is the carrying value of the loan receivables.

As at 30 September 2017, the effective interest rate on the Group's loan receivables is approximately 16.51% (31 March 2017: approximately 12.4%) per annum. During the period, interest income of approximately HK\$1,838,000 (six months ended 30 September 2016: approximately HK\$3,734,000) has been recognised as revenue.

NOTES TO THE INTERIM FINANCIAL REPORT

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Non-current assets:		
Deposits paid (<i>note i</i>)	528,293	361,011
Current assets:		
Deposits paid (<i>note ii</i>)	130,446	273,698
Prepayments (<i>note iii</i>)	9,359	8,371
Other receivables (<i>note iv</i>)	57,874	35,291
	197,679	317,360

Notes:

- (i) As at 30 September 2017, the amount represents the deposits paid to the vendors for the acquisition of properties. Included in deposit for acquisition of investment properties, deposits paid of approximately HK\$293,496,000 (31 March 2017: approximately HK\$282,040,000) was in relation to the acquisition of three properties in PRC and the Group has obtained physical possession of the properties. As at 30 September 2017, the title of the three properties was still in the course of registering under the name of the Group. Details of which are set out in the announcement of the Company dated 17 May 2017. Another deposit of approximately HK\$234,797,000 (31 March 2017: approximately HK\$78,971,000) included in deposit for acquisition of properties was in relation to the acquisition of properties in Beijing. Details of which are set out in the announcement of the Company dated 28 February 2017.
- (ii) As at 30 September 2017, other deposits paid were mainly relating to 1) two buildings naming right located in Shenzhen of approximately HK\$21,098,000 (31 March 2017: approximately HK\$20,274,000) and 2) acquisition of investment properties of approximately HK\$108,562,000 (31 March 2017: approximately HK\$252,708,000). The related acquisition of investment properties was cancelled during the year ended 31 March 2017 and the amount of deposit paid of approximately HK\$252,708,000 will be fully recoverable. As of the date of this report, amount of approximately RMB183,000,000 was received of which approximately RMB133,000,000 (approximately HK\$156,140,000) was received during the six months ended 30 September 2017.
- (iii) As at 30 September 2017, prepayments were mainly comprised of prepayment of construction cost of properties under development.
- (iv) As at 30 September 2017, other receivables were mainly comprised of other tax recoverable in the PRC, payable to third party for a potential business co-operation and cash advanced to staff.

NOTES TO THE INTERIM FINANCIAL REPORT

19. ASSETS CLASSIFIED AS HELD FOR SALE

	At 30 September 2017 (unaudited) HK\$'000
Assets classified as held for sale	188,142

Note:

Disposal group held for sale

On 6 June 2017 and 28 August 2017, Hongyuan, entered into a second disposal agreement and a supplemental agreement respectively, with Shenzhen Shi Anye in relation to the disposal of remaining 40% equity interests in Penghongsheng, pursuant to which Honyuan had conditionally agreed to sell and Shenzhen Shi Anye had conditionally agreed to purchase 40% equity interests in Penghongsheng and Hongyuan had conditionally agreed to sell and to procure certain members of the Group to sell and Shenzhen Shi Anye had conditionally agreed to purchase the amounts owed by Penghongsheng to Hongyuan and certain members of the Group for the disposal consideration of RMB160,000,000 (equivalent to approximately HK\$188,000,000). The carrying amount of related assets and liabilities are stated at the lower of carrying amount and their fair value less costs to sell and, accordingly, no impairment loss was recognised. The disposal was subsequently completed on 30 October 2017.

NOTES TO THE INTERIM FINANCIAL REPORT

20. TRADE PAYABLES

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Trade payables	37,869	39,560

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

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
0 to 90 days	–	–
91 to 180 days	–	850
181 to 365 days	850	30,385
Over 365 days	37,019	8,325
	37,869	39,560

21. OTHER PAYABLES AND ACCRUALS

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Land value added tax payable	87,000	87,000
Accruals	979	2,631
Other payables	51,012	61,331
Accrued interest on convertible bonds	10,874	15,885
	149,865	166,847

NOTES TO THE INTERIM FINANCIAL REPORT

22. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Authorised:		
Ordinary share of HK\$0.25 each		
At 1 April 2016 (audited), 31 March 2017 (audited), 1 April 2017 (audited) and 30 September 2017 (unaudited)	10,000,000,000	2,500,000
Issued and fully paid:		
Ordinary share of HK\$0.25 each		
At 1 April 2016 (audited), 31 March 2017 (audited) and 1 April 2017 (audited)	5,343,690,000	1,335,923
Subscription of shares (note)	1,000,000,000	250,000
At 30 September 2017 (unaudited)	6,343,690,000	1,585,923

On 7 July 2017, Mr. Li Yuguo agreed to subscribe 1,000,000,000 new ordinary shares at subscription price of HK\$0.25 per share. The Company intends to utilise the net proceeds of HK\$249,900,000 for acquisition and development of business relating to natural resources or the products thereof or for working capital of the Group. The subscription was completed on 8 August 2017.

23. 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 is ranging from 14.29% to 14.64%. The Company will redeem the convertible notes if the notes have not been converted on maturity date. During the year ended 31 March 2017, outstanding convertible notes with principal amount of approximately HK\$9,997,800 were fully repaid upon maturity.

NOTES TO THE INTERIM FINANCIAL REPORT

23. CONVERTIBLE NOTES/BONDS (Continued)

On 20 August 2015, the Company issued 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 is 15.71% (six months ended 30 September 2016: 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 approximately HK\$244,800,000 as at 30 September 2017.

	2014 CN HK\$'000	2015 CB HK\$'000	Total HK\$'000
Equity component			
At 1 April 2016 (audited)	330	72,561	72,891
Redemption of convertible notes during the year	(330)	–	(330)
At 31 March 2017 (audited), 1 April 2017 (audited) and 30 September 2017 (unaudited)	–	72,561	72,561
Liability component			
At 1 April 2016 (audited)	9,646	188,448	198,094
Redemption of convertible notes during the year	(9,998)	–	(9,998)
Imputed interest expense charged	1,003	31,112	32,115
Interest paid	(651)	(9,791)	(10,442)
At 31 March 2017 and 1 April 2017 (audited)	–	209,769	209,769
Imputed interest expense charged	–	16,740	16,740
Interest paid	–	(4,910)	(4,910)
At 30 September 2017 (unaudited)	–	221,599	221,599

The fair value of the convertible bonds issued has been arrived on the basis of a valuation carried out on the date of issue by Peak Vision Appraisals Limited, independently professional valuer not connected with the Group. As at 30 September 2017, the fair value of the 2015 CB was approximately HK\$232,950,000 (31 March 2017: approximately HK\$226,645,000).

NOTES TO THE INTERIM FINANCIAL REPORT

24. SHARE OPTIONS

The Company's share options scheme was 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.

NOTES TO THE INTERIM FINANCIAL REPORT

24. SHARE OPTIONS (Continued)

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 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 Persons 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.

2002 Share Option Scheme

As at 30 September 2017, the number of shares in respect of which share options remained outstanding under 2002 Share Option Scheme was 220,000 (31 March 2017: 3,220,000) representing 0.003% (31 March 2017: 0.06%) of the shares of the Company in issue at the reporting date.

During the period under review, 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 1) HK\$	Number of share options					Outstanding at 30 September 2017 (unaudited)
				Outstanding at 1 April 2017 (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	140,000	-	-	-	-	140,000
Category 2: Employees	12 July 2011	12 July 2011 – 11 July 2021	1.775	3,080,000	-	-	(3,000,000)	-	80,000
Total for all categories				3,220,000	-	-	(3,000,000)	-	220,000
Weighted average exercise price (HK\$)				1.775	-	-	1.775	-	1.775

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 reorganisation became effective on 3 June 2013).

NOTES TO THE INTERIM FINANCIAL REPORT

24. SHARE OPTIONS (Continued)

2002 Share Option Scheme (Continued)

The fair value of the share options granted were priced using the Trinomial model. The inputs into the model were as follows:

	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	2.796%

2011 Share Option Scheme

On 28 September 2016, 379,500,000 share options were granted to directors, employees and consultant under 2011 Share Option Scheme at an exercisable price of HK\$ 0.261 per share.

On 22 August 2017, an ordinary resolution was duly passed by the shareholders at an 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 21 September 2017 was 634,369,000.

As at 30 September 2017, the number of shares in respect of which share options remained outstanding under 2011 Share Option Scheme was 469,800,000 (31 March 2017: 504,300,000), representing 7.41% (31 March 2017: 9.44%) of the shares of the Company in issue at the reporting date.

NOTES TO THE INTERIM FINANCIAL REPORT

24. SHARE OPTIONS (Continued)

2011 Share Option Scheme (Continued)

During the period under review, 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 2017 (unaudited)
				Outstanding at 1 April 2017 (audited)	Granted during the period (unaudited)	Reclassification of categories 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	400,000	-	-	-	-	-	400,000
	3 October 2014	3 October 2014 – 2 October 2024	0.520	2,000,000	-	-	-	-	-	2,000,000
	20 April 2015	20 April 2015 – 19 April 2025	0.395	55,000,000	-	-	-	-	-	55,000,000
	28 September 2016	28 September 2016 – 27 September 2026	0.261	275,000,000	-	(53,000,000)	-	-	-	222,000,000
Category 2: Employees	26 August 2014	26 August 2014 – 25 August 2024	0.352	1,200,000	-	-	-	-	-	1,200,000
	3 October 2014	3 October 2014 – 2 October 2024	0.520	45,400,000	-	-	-	(33,900,000)	-	11,500,000
	20 April 2015	20 April 2015 – 19 April 2025	0.395	20,800,000	-	-	-	(600,000)	-	20,200,000
	28 September 2016	28 September 2016 – 27 September 2026	0.261	51,500,000	-	53,000,000	-	-	-	104,500,000
Category 3: Consultant	28 September 2016	28 September 2016 – 27 September 2026	0.261	53,000,000	-	-	-	-	-	53,000,000
Total for all categories				504,300,000	-	-	-	(34,500,000)	-	469,800,000
Weighted average exercise price (HK\$)				0.306	-	0.261	-	0.518	-	0.290

NOTES TO THE INTERIM FINANCIAL REPORT

24. SHARE OPTIONS (Continued)

2011 Share Option Scheme (Continued)

The fair value of the share options granted were pricing using the Trinomial model. The inputs into the model were as follows:

	2011 Share Option Scheme Granted on			
	26 August 2014	3 October 2014	20 April 2015	28 September 2016
Grant date share price	HK\$0.345	HK\$0.520	HK\$0.395	HK\$0.255
Exercise price	HK\$0.352	HK\$0.520	HK\$0.395	HK\$0.261
Expected volatility	71.09%	71.741%	73.37%	75.617%
Expected option life	10 years	10 years	10 years	9.995 years
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	1.919%	1.969%	1.40%	0.884%

25. ACQUISITION OF SUBSIDIARIES

Acquisition of Good Union

During the six months ended 30 September 2017, the Group acquired 67% equity interests of Good Union at a consideration of approximately HK\$244,000,000. Good Union is engaging in investment holding and its subsidiary is principally engaged in exploitation, production and sales of spring water. The acquisition had been completed on 7 June 2017.

	Carrying value	Fair values adjustments	Fair values
	HK\$'000	HK\$'000	HK\$'000
Fair value of the assets acquired and liabilities recognised at the date of acquisition			
Intangible assets	4,209	370,218	374,427
Other receivables	13,620	–	13,620
Accruals and other payables	(26,436)	–	(26,436)
Bank balances and cash	2,568	–	2,568
Total identifiable net assets	(6,039)	370,218	364,179
Non-controlling interests	1,993	(122,172)	(120,179)
	(4,046)	248,046	244,000
Total consideration			244,000

The acquisition has been accounted for as acquisition of asset.

NOTES TO THE INTERIM FINANCIAL REPORT

25. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition of Good Union (Continued)

	HK\$'000
Net cash outflow from the acquisition	
Cash consideration paid	244,000
Bank balances and cash acquired	(2,568)
Payment for acquisition-related cost	3,891
	245,323

Acquisition-related costs amounting to approximately HK\$3,891,000 have been excluded from the consideration transferred and have been recognised as the cost of acquired asset.

Had these business combinations been effected at 1 April 2017, the effect on revenue of the Group would be HK\$Nil as Good Union did not generate any revenue during the period, and the loss for the period would have been approximately HK\$180,000. The directors consider these "pro-forma" numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

26. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2017.

27. OPERATING LEASE COMMITMENTS

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Within one year	369	1,322

NOTES TO THE INTERIM FINANCIAL REPORT

28. CAPITAL COMMITMENTS

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

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Contracted but not provided for:		
Acquisition of investment properties/buildings	43,179	190,407
Property development expenditures	88,049	61,035
	131,228	251,442

29. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 September 2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Key management personnel remuneration		
Share-based payment expenses	–	29,165
Retirement benefits scheme	36	116
	36	29,281

30. EVENTS AFTER REPORTING PERIOD

On 12 October 2017, an indirect wholly-owned subsidiary of the Company, Asiaciti Investment Limited ("Asiaciti"), entered into a sale and purchase agreement with 遼寧京豐置業有限公司 ("遼寧京豐"), a company beneficially owned by our substantial shareholder, Mr. Li Yuguo and incorporated in the PRC with limited liability which is principally engaged in property development, property leasing and sales. 遼寧京豐 has agreed to sell, and Asiaciti has agreed to acquire properties at the consideration of RMB625,000,000. The properties comprise Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC. According to the sale and purchase agreement, completion of the acquisition shall take place before 31 December 2019 or such other date as the vendor and the purchaser may agree in unity. The relevant conditions precedent of the agreement have not been fulfilled up to the date of interim financial report. Details of which are set out in the announcement of the Company dated 12 October 2017.