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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 2018

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 2018 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 2018*

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2018</b>	2017
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(restated and unaudited)
<b>Continuing Operations</b>			
Other income and gain/(losses)	5	439	1,245
Administrative expenses		(16,822)	(14,803)
Share of results of associates		(12,230)	3,867
Gain on disposal of subsidiaries	6	5,618	6,926
Finance costs	7	(14,314)	(54,885)
		<hr/>	<hr/>
<b>Loss before taxation</b>	8	(37,309)	(57,650)
Taxation	9	–	(981)
		<hr/>	<hr/>
<b>Loss for the period from continuing operations</b>		(37,309)	(58,631)
<b>Loss for the period from discontinued operations</b>		(1,348)	(1,155)
		<hr/>	<hr/>
<b>Loss for the period</b>		(38,657)	(59,786)
		<hr/>	<hr/>

\* For identification purposes only

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

*For the six months ended 30 September 2018*

		<b>For the six months ended 30 September</b>	
	<i>Note</i>	<b>2018 HK\$'000 (unaudited)</b>	<b>2017 HK\$'000 (restated and unaudited)</b>
<b>Other comprehensive income, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(133,522)	62,897
Reclassification adjustments relating to foreign operations disposed of during the period		(18,792)	–
Share of other comprehensive income of associates		<u>1,006</u>	<u>–</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>(151,308)</u>	<u>62,897</u>
<b>Total comprehensive income for the period</b>		<u>(189,965)</u>	<u>3,111</u>
<b>Loss attributable to:</b>			
– Owners of the Company		(38,378)	(59,186)
– Non-controlling interests		<u>(279)</u>	<u>(600)</u>
		<u>(38,657)</u>	<u>(59,786)</u>
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		(199,517)	3,734
– Non-controlling interests		<u>9,552</u>	<u>(623)</u>
		<u>(189,965)</u>	<u>3,111</u>
		<i>HK\$</i>	<i>HK\$</i>
<b>Loss per share attributable to owners of the Company:</b>			
From continuing and discontinued operations			
– Basic and diluted	<i>10</i>	<u>0.006</u>	<u>0.010</u>
From continuing operations			
– Basic and diluted	<i>10</i>	<u>0.005</u>	<u>0.010</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

		At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>12</i>	<b>7,249</b>	8,216
Intangible assets	<i>13</i>	<b>384,652</b>	374,699
Interests in associates	<i>14</i>	<b>215,736</b>	226,960
Deposits paid	<i>17</i>	<b>1,104,834</b>	798,871
		<b>1,712,471</b>	1,408,746
<b>Current assets</b>			
Properties under development	<i>15</i>	<b>731,102</b>	796,109
Loan receivables	<i>16</i>	–	151,501
Prepayments, deposits and other receivables	<i>17</i>	<b>147,187</b>	187,112
Financial assets at fair value through profit or loss	<i>18</i>	<b>4,207</b>	4,867
Bank balances and cash		<b>137,356</b>	281,827
		<b>1,019,852</b>	1,421,416
Assets classified as held for sale	<i>19</i>	–	30,484
		<b>1,019,852</b>	1,451,900

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2018

		At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
	<i>Note</i>		
<b>Current liabilities</b>			
Trade payables	20	34,562	41,726
Other payables and accruals	21	154,721	173,471
Receipts in advance		127,602	119,282
Tax payables		675	740
Convertible bonds	23	—	234,287
		317,560	569,506
Liabilities directly associated with assets classified as held for sale	19	—	222
		317,560	569,728
<b>Net current assets</b>		702,292	882,172
<b>Total assets less current liabilities</b>		2,414,763	2,290,918
<b>Capital and reserves</b>			
Share capital	22	1,902,923	1,585,923
Reserves		359,632	559,149
<b>Total equity attributable to owners of the Company</b>		2,262,555	2,145,072
<b>Non-controlling interests</b>		119,044	109,492
		2,381,599	2,254,564
<b>Non-current liabilities</b>			
Deferred tax liabilities		33,164	36,354
		2,414,763	2,290,918

## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **1. 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 Room 2601, 26/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

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”).

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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This interim financial report was approved for issue on 29 November 2018. This interim financial report has not been audited.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The interim financial report has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The interim financial report for the six months ended 30 September 2018 has been prepared in accordance with the same accounting policies adopted in the Group’s consolidated financial statements for the year ended 31 March 2018, except for the adoption of new and revised HKFRSs that are relevant to the Group and effect from the current period as set out below.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### HKFRS 9 “Financial Instruments”

HKFRS 9, which superseded HKAS 39 in its entirety, introduces new requirements on the classification and measurement of financial assets and financial liabilities, hedge accounting and impairment of financial assets. HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity, loans and receivables and available for sale. Under HKFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under HKAS 39 is generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.

In addition, HKFRS 9 introduces new requirements on impairment of financial assets. HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The new expected credit loss model applies to financial assets measured at amortised cost but not to investments in equity instruments. The Group’s financial assets measured at amortised cost consist of loan receivables, other receivables and bank balances and cash.

The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The application of HKFRS 9 results in earlier recognition of credit losses which are not yet incurred in respect of the Group’s financial assets measured at amortised cost. The expected credit losses are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the differences between the cash flows due to the entity in accordance with the contract and the cash flows that are expected to receive). Expected credit losses are discounted at the effective rate of the financial asset.

Under HKFRS 9, loss allowances are measured on either one of the following bases:

- 12-month expected credit loss: result from possible default events within 12 months; and
- Lifetime expected credit loss: result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime expected credit loss when the credit risk on that financial assets has increased significantly since initial recognition.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **HKFRS 15 “Revenue from Contracts with Customers”**

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It replaced HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations. Under HKFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control whether it is at a point in time or over time requires judgement. An entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, by applying the following five steps:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract(s);
- Step 3: Determine the transaction price, the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer;
- Step 4: Allocate the transaction price to the performance obligations in the contract(s); and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

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 2018. 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.

Except as described below, the Directors do not anticipate that the application of other new and revised HKFRSs will have a material effect on the amounts recognised in the Group’s interim financial report.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **HKFRS 16 “Leases”**

The new standard specifies how an entity to recognise, measure, present and disclosure leases. HKFRS 16 required lessees to recognised assets and liabilities for all leases unless the lease term is 12 months or less or the underlying assets has a low value. Lessors continue to classify leases as operating or finance with HKFRS 16’s approach to lessor accounting substantially unchanged from its predecessor HKAS 17.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the possible impact of the above new or revised standards on the Group’s results and financial position in the first year of application. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group’s accounting policies or financial statements. Other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group’s financial statement upon application.

### **4. SEGMENT INFORMATION**

The Group’s operating segments are identified on 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 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”.



#### 4. SEGMENT INFORMATION (CONTINUED)

During the period under review, iron ore mining business and investing and financing business was discontinued, thus they are not separately presented on the following segment analysis.

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							
	Water exploitation operations		Property sales and investment		Unallocated		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(restated and unaudited)	(unaudited)	(restated and unaudited)
Sales to external customers	-	-	-	-	-	-	-	-
Segment revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment results	<u>(1,196)</u>	<u>(828)</u>	<u>(3,863)</u>	<u>(1,039)</u>	<u>-</u>	<u>-</u>	<u>(5,059)</u>	<u>(1,867)</u>
Other income and gain/(loss)	532	-	97	21	(190)	3,062	439	3,083
Fair value losses on financial assets at fair value through profit or loss	-	-	-	-	(660)	(1,421)	(660)	(1,421)
Central administration costs	-	-	-	-	(12,451)	(14,508)	(12,451)	(14,508)
Gain on disposal of subsidiaries	-	-	-	-	5,618	6,926	5,618	6,926
Share of results of associates	(12,230)	3,867	-	-	-	-	(12,230)	3,867
Finance costs	-	-	-	-	(14,314)	(54,885)	(14,314)	(54,885)
Loss before taxation							(38,657)	(58,805)
Taxation							-	(981)
Loss for the period							<u>(38,657)</u>	<u>(59,786)</u>

#### 4. SEGMENT INFORMATION (CONTINUED)

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

	Continuing operations				Consolidation	
	Water exploitation operations		Property sales and investment		At	At
	At	At	At	At	At	At
	30 September	31 March	30 September	31 March	30 September	31 March
	2018	2018	2018	2018	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(restated and audited)
<b>ASSETS</b>						
Segment assets	624,611	621,512	1,972,999	1,771,725	2,597,610	2,393,237
Unallocated corporate assets					134,712	467,409
					<u>2,732,322</u>	<u>2,860,646</u>
<b>LIABILITIES</b>						
Segment liabilities	(439)	(449)	(314,119)	(327,383)	(314,558)	(327,832)
Unallocated corporate liabilities					(36,166)	(278,250)
					<u>(350,724)</u>	<u>(606,082)</u>

#### 5. OTHER INCOME AND GAIN/(LOSSES)

	For the six months ended	
	30 September	2017
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Continuing operations</b>		
Interest income on bank deposit	458	85
Sundry and other operating income	82	932
Written off of property, plant and equipment	(159)	–
Exchange gain, net	58	228
	<u>439</u>	<u>1,245</u>

## 6. GAIN ON DISPOSAL OF SUBSIDIARIES

- (a) On 21 September 2018, the Group has disposed of the entire registered capital of 陝西和萬交通能源有限責任公司, an indirect wholly-owned subsidiary of the Company at a consideration of HK\$4,820,000.

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

	<i>HK\$'000</i>
Consideration received	4,820
Net assets disposed of:	
Property, plant and equipment	(7)
Bank balances and cash	<u>(4,558)</u>
Gain on disposal of the subsidiary	<u>255</u>
Satisfied by:	
Cash	<u>4,820</u>
Net cash inflow from disposal:	
Cash consideration	4,820
Bank balances and cash disposed of	<u>(4,558)</u>
	<u>262</u>

## 6. GAIN ON DISPOSAL OF SUBSIDIARIES (CONTINUED)

- (b) On 28 September 2018, the Group has disposed of 100% equity shares of China Value Assets Limited and Merit Development Limited, wholly-owned subsidiaries of the Company at a consideration of HK\$33,000,000.

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

	<i>HK\$'000</i>
Consideration received	<b>33,000</b>
Net assets disposed of:	
Property, plant and equipment	<b>(27,174)</b>
Prepayments, deposits and other receivables	<b>(579)</b>
Bank balances and cash	<b>(87)</b>
Other payables and accruals	<b>201</b>
Income tax payable	<b>2</b>
	<hr/>
Gain on disposal of the subsidiaries	<b>5,363</b>
	<hr/>
Satisfied by:	
Cash	<b>33,000</b>
	<hr/>
Net cash inflow from disposal:	
Cash consideration	<b>33,000</b>
Bank balances and cash disposed of	<b>(87)</b>
	<hr/>
	<b>32,913</b>
	<hr/>

## 6. GAIN ON DISPOSAL OF SUBSIDIARIES (CONTINUED)

- (c) 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), 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 the subsidiary at the date of disposal were as follows:

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

## 7. FINANCE COSTS

	For the six months ended	
	30 September	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
<b>Continuing operations</b>		
Interest on convertible notes/bonds	14,314	16,740
Interest on promissory notes	–	4,509
Loss on early redemption of promissory notes	–	33,599
Other interest	–	37
	<u>14,314</u>	<u>54,885</u>

\* For identification purpose only

## 8. LOSS BEFORE TAXATION

For the six months ended  
30 September

2018	2017
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(restated and unaudited)

The Group's loss before taxation from continuing operations  
is carried at after charging:

Depreciation of property, plant and equipment	780	77
Staff costs (including directors' remuneration)	4,814	2,745
Minimum lease payments under operating leases	1,042	529
Fair value loss on financial asset at fair value through profit or loss	660	1,421

## 9. TAXATION

For the six months ended  
30 September

2018	2017
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)

Continuing operations

Current tax:

– Enterprise Income Tax	–	981
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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 2017: Nil).

Subsidiaries in the PRC are subject to the PRC Enterprise Income Tax at 25% for the period (six months ended 30 September 2017: 25%).

## 10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### 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	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(restated and unaudited)
<b>Loss</b>		
Loss for the period from continuing operations attributable to owners of the Company	(37,088)	(58,358)
Loss for the period from discontinued operations attributable to the owners of the Company	(1,290)	(828)
	<u>(38,378)</u>	<u>(59,186)</u>
	'000 Shares	'000 Shares
	(unaudited)	(unaudited)
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>6,745,570</u>	<u>5,638,772</u>

The basic and diluted loss per share from continuing and discontinued operations are the same for the six months ended 30 September 2018 and 2017, 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.

## 10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONTINUED)

### From continuing operations

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

	For the six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(restated and unaudited)
Loss for the period from continuing operations attributable to the owners of the Company	<u>(37,088)</u>	<u>(58,358)</u>

The basic and diluted loss per share from continuing operations are the same for the six months ended 30 September 2018 and 2017, 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

No interim dividend was declared by the Company for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group has acquired property, plant and equipment of HK\$777,000 (six months ended 30 September 2017: Nil). The items of property, plant and equipment with carrying amount of approximately HK\$245,000 were written off during the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK\$32,000 were disposed of).

At 30 September 2018, no property, plant and equipment has been pledged to secure credit facilities (at 31 March 2018: Nil).



### 13. INTANGIBLE ASSETS

	<b>Exclusive right</b> <i>HK\$'000</i> <i>(Note 1)</i>	<b>Water mining licence</b> <i>HK\$'000</i> <i>(Note 2)</i>	<b>Land use right</b> <i>HK\$'000</i> <i>(Note 3)</i>	<b>Total</b> <i>HK\$'000</i>
<b>Cost</b>				
At 1 April 2017 (audited)	576,334	–	–	576,334
Additions on acquisition of subsidiaries	–	374,427	–	374,427
Exchange realignment	–	272	–	272
Reclassified to assets classified as held for sale	<u>(576,334)</u>	<u>–</u>	<u>–</u>	<u>(576,334)</u>
At 31 March 2018 (audited)	–	374,699	–	374,699
Additions	–	–	10,802	10,802
Exchange realignment	<u>–</u>	<u>(393)</u>	<u>(456)</u>	<u>(849)</u>
At 30 September 2018 (unaudited)	<u>–</u>	<u>374,306</u>	<u>10,346</u>	<u>384,652</u>
<b>Accumulated amortisation and impairment</b>				
At 1 April 2017 (audited)	576,334	–	–	576,334
Reclassified to assets classified as held for sale	<u>(576,334)</u>	<u>–</u>	<u>–</u>	<u>(576,334)</u>
At 31 March 2018 (audited) and 30 September 2018 (unaudited)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Carrying amount</b>				
At 30 September 2018 (unaudited)	<u>–</u>	<u>374,306</u>	<u>10,346</u>	<u>384,652</u>
At 31 March 2018 (audited)	<u>–</u>	<u>374,699</u>	<u>–</u>	<u>374,699</u>

### 13. 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.

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.

As at 31 March 2018, the exclusive right has been fully amortised and impaired.

During the period under review, the exclusive right was disposed of by disposal of the subsidiary, China Value Assets Limited.

2. Water mining licence represents the right to conduct water exploitation activities in Hunan. The subsidiary, 湖南新田富鋸礦泉水有限公司 had entered into an agreement with Hunan Government to grant the subsidiary a water mining licence for exploitation of mineral water for 5 years. The subsidiary has the priority to extend the mineral water mining licence afterwards. The mine is located at 湖南新田縣三占塘. The subsidiary has the exclusive rights and authorities to manage and arrange all activities in the mining area.

Water mining licence is amortised on a straight-line basis over its estimated useful economic life. The useful economic life of the water mining licence was estimated with reference to the validity of the operation licence held and the productions plans of the Group. No amortisation was provided during the period under review 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.

3. In July 2018, the subsidiary, 湖南新田富鋸礦泉水有限公司 acquired a land use right of a land located at 湖南新田縣新圩鎮新嘉公路三占塘段西側 for construction of factory in Hunan. The land use right is valid for 50 years.

## 14. INTERESTS IN ASSOCIATES

	At 30 September 2018 HK\$'000 (unaudited)	At 31 March 2018 HK\$'000 (audited)
Cost of interests in associates		
At the beginning of the period	226,960	427,228
Acquisition during the period	–	234,892
Disposal during the period	–	(427,272)
Share of post-acquisition losses and other comprehensive income during the period, net of dividends received	<u>(11,224)</u>	<u>(7,888)</u>
At the end of the period	<u>215,736</u>	<u>226,960</u>

### Notes:

- (a) On 25 April 2017, the Group acquired 20% equity interests in Hong Kong Spring Water Ding Dong Group Company Limited. After the acquisition, Hong Kong Spring Water Ding Dong Group Company Limited and its wholly-owned subsidiary in Guangxi become associates of the Group.
- (b) The Group disposed of 35% equity interests in Shenzhen Zhaosheng Anye Investment Development Company Limited\* (深圳招商安業投資發展有限公司) through disposal of 60% and 40% equity interest in a subsidiary, Shenzhen Penghongsheng Industrial Development Limited\* (深圳鵬鴻昇實業發展有限公司) on 11 May 2017 and 30 October 2017 respectively.

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

Name of associates	Form of business and structure	Place of incorporation/ operation	Class of shares/ registered capital held	Proportion of nominal value of paid capital/registered capital held by the Group		Principal activities
				At	At	
				30 September 2018 (unaudited)	31 March 2018 (audited)	
Hong Kong Spring Water Ding Dong Group Company Limited	Incorporated	Hong Kong	Ordinary	20%	20%	Investment holding and water business
Guangxi Kangzhiyuan Natural Mineral Water Company Limited*	Incorporated	The PRC	Registered	20%	20%	Production and sales of bottled water

\* For identification purposes only

#### 14. INTERESTS IN ASSOCIATES (CONTINUED)

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

	At <b>30 September</b> <b>2018</b> <i>HK\$'000</i> <b>(unaudited)</b>	At 31 March 2018 <i>HK\$'000</i> (audited)
Current assets	<u>31,802</u>	<u>42,172</u>
Non-current assets	<u>122,534</u>	<u>160,027</u>
Current liabilities	<u>209,509</u>	<u>227,524</u>

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

	At <b>30 September</b> <b>2018</b> <i>HK\$'000</i> <b>(unaudited)</b>	At 31 March 2018 <i>HK\$'000</i> (audited)
Net liabilities of the associates as at acquisition date	<b>(33,841)</b>	(33,841)
Proportion of the Group's ownership interests in the associates	<u>20%</u>	<u>20%</u>
Cost of interests in associates		
Unlisted in Hong Kong	<b>(6,768)</b>	(6,768)
Valuation adjustment from acquisition	<b>210,217</b>	210,217
Goodwill	<b>31,443</b>	31,443
Share of post-acquisition losses and other comprehensive income, net of dividends received	<u><b>(19,156)</b></u>	<u>(7,932)</u>
Carrying amount of the Group's interests in associates	<u><b>215,736</b></u>	<u>226,960</u>

## 15. PROPERTIES UNDER DEVELOPMENT

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Properties under development	783,733	853,803
Less: provision for impairment	<u>(52,631)</u>	<u>(57,694)</u>
	<u>731,102</u>	<u>796,109</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 2018, the balance included land use rights of approximately HK\$197,218,000 (as at 31 March 2018: HK\$216,191,000). 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 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Located in the PRC, held on:		
Leases of between 10 and 50 years	<u>731,102</u>	<u>796,109</u>

As at 30 September 2018, a land use right of approximately HK\$118,168,000 (as at 31 March 2018: HK\$129,536,000) was pledged to a bank for a recurring loan granted to a third party. Details are set out in note 26.

## 16. LOAN RECEIVABLES

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Loan receivables	–	149,050
Interest receivables	<u>–</u>	<u>2,451</u>
	<u>–</u>	<u>151,501</u>

## 16. LOAN RECEIVABLES (CONTINUED)

Based on the loan commencement date set out in the relevant contracts, ageing analysis of the Group's loan receivables as of each reporting date is as follows:

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
0–180 days	<u>–</u>	<u>151,501</u>

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. The maximum exposure to credit risk at the reporting date is the carrying value of the loan receivables.

As at 31 March 2018, the loan receivables were less than 90 days past due. The overdue amounts were fully settled in April 2018. It indicates that no impairment is needed.

As at 31 March 2018, the effective interest rate on the Group's loan receivables is approximately 5.5% per annum.

## 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Non-current assets:		
Deposits for acquisition of investment properties ( <i>note i</i> )	<u>1,104,834</u>	<u>798,871</u>
Current assets:		
Deposits paid ( <i>note ii</i> )	92,600	136,941
Prepayments ( <i>note iii</i> )	686	1,161
Other receivables ( <i>note iv</i> )	<u>53,901</u>	<u>49,010</u>
	<u>147,187</u>	<u>187,112</u>

## 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (i) As at 30 September 2018, deposits paid of approximately HK\$285,066,000 (as at 31 March 2018: HK\$312,489,000) were in relation to three acquisitions of Yantian properties where the physical possession of the properties has been delivered to the Group. The titles of the three properties were still in the course of registering under the name of the Group. Details of which were set out in the announcements of the Company dated 17 May 2017 and 3 May 2018.

As at 30 September 2018, deposit paid of approximately HK\$228,052,000 (as at 31 March 2018: HK\$249,991,000) was in relation to acquisition of properties in Beijing. Details of which were set out in the announcement of the Company dated 28 February 2017.

As at 30 September 2018, deposit paid of approximately HK\$591,716,000 (as at 31 March 2018: HK\$236,391,000) was in relation to acquisition of properties in Shenyang. Details of which are set out in the announcement of the Company dated 12 October 2017.

- (ii) As at 30 September 2018, deposits paid were mainly relating to (1) two buildings naming right located in Shenzhen of approximately HK\$20,492,000 (as at 31 March 2018: HK\$22,463,000) and (2) acquisition of Zengcheng properties of approximately HK\$70,696,000 (as at 31 March 2018: HK\$113,746,000). The acquisition of Zengcheng properties was terminated on 18 January 2017. The amount of deposit paid of approximately HK\$70,696,000 will be fully recoverable.
- (iii) As at 30 September 2018 and 31 March 2018, prepayments mainly comprised prepayment of indirect cost incurred for properties under development.
- (iv) As at 30 September 2018 and 31 March 2018, other receivables mainly comprised other tax prepaid in the PRC, payable to third party for a potential business co-operation and cash advanced to staff.

As at 30 September 2018, one of the other receivables, from 深圳市方虹實業發展有限公司, of approximately HK\$4,333,000 (as at 31 March 2018: HK\$4,750,000), represented the business guaranty margin paid for properties redevelopment project situated at 深圳市羅湖區松園路方虹大院住宅片區. The margin is refundable if all land title owners of 方虹大院住宅片區 agree to transfer their land use rights to 深圳市方虹實業發展有限公司. The management considered that the possibility of getting the refund is remote and suggested a provision of impairment.

## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2018 HK\$'000 (unaudited)	At 31 March 2018 HK\$'000 (audited)
Equity securities listed in Hong Kong at quoted bid price	<u>4,207</u>	<u>4,867</u>

Fair value are determined with reference to quoted market bid price.

**19. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Assets classified as held for sale	<u>–</u>	<u>30,484</u>
Liabilities directly associated with assets classified as held for sale	<u>–</u>	<u>222</u>

*Note:*

**Disposal group held for sale**

In March 2018, management had the plan to dispose of the Hangzhou properties and iron mining business operated in Indonesia. As the carrying amount of the disposal group will be recovered principally through a sale transaction rather than through continuing use, the Group classified the related assets and liabilities as held for sale.

The carrying amount of the related assets and liabilities are carried at the lower of carrying amount and their fair value less costs to sell, and management considers that no impairment loss was recognised.

In September 2018, the Group has disposed of this disposal group.

**20. TRADE PAYABLES**

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Trade payables	<u>34,562</u>	<u>41,726</u>



## 20. TRADE PAYABLES (CONTINUED)

The following is an ageing analysis of trade payables at the end of the reporting date, based on the contract date or invoice date:

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
0 to 90 days	–	–
91 to 180 days	–	294
181 to 365 days	–	–
Over 365 days	<u>34,562</u>	<u>41,432</u>
	<u><b>34,562</b></u>	<u><b>41,726</b></u>

## 21. OTHER PAYABLES AND ACCRUALS

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Land value added tax payable	64,600	70,815
Accruals	1,622	2,138
Other payables	88,499	94,409
Accrued interest on convertible bonds	<u>–</u>	<u>6,109</u>
	<u><b>154,721</b></u>	<u><b>173,471</b></u>

## 22. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
<b>Authorised:</b>		
Ordinary share of HK\$0.25 each		
At 1 April 2017 (audited), 31 March 2018 (audited), 1 April 2018 (audited) and 30 September 2018 (unaudited)	10,000,000,000	2,500,000
<b>Issued and fully paid:</b>		
Ordinary share of HK\$0.25 each		
At 1 April 2017 (audited)	5,343,690,000	1,335,923
Subscription of shares ( <i>note a</i> )	1,000,000,000	250,000
At 31 March 2018 (audited) and 1 April 2018 (audited)	6,343,690,000	1,585,923
Subscription of shares ( <i>note b</i> )	1,268,000,000	317,000
At 30 September 2018 (unaudited)	7,611,690,000	1,902,923

### Notes:

- (a) 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.
- (b) On 17 April 2018, Mr. Li Yuguo agreed to subscribe 1,268,000,000 new ordinary shares at subscription price of HK\$0.25 per share. The Company intends to utilise the net proceeds of HK\$316,500,000 for capital expenditure on the production facilities of an indirect 67% subsidiary of the Company, 湖南新田富鋸礦泉水有限公司 and the potential acquisition of business or companies and working capital of the Group. The subscription was completed on 3 August 2018.

## 23. CONVERTIBLE BONDS

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 15.70% (six months ended 30 September 2017: ranging from 15.71%). On 20 August 2018, the outstanding convertible bonds was matured and fully redeemed at redemption price equal to 100% of the outstanding principal amount of HK\$244,800,000 together with all accrued and unpaid interest thereon.

## 23. CONVERTIBLE BONDS (CONTINUED)

2015 CB  
HK\$'000

### Equity component

At 1 April 2017 (audited), 31 March 2018 (audited) and 1 April 2018 (audited)	72,561
Redemption of convertible bonds during the period	<u>(72,561)</u>

**At 30 September 2018 (unaudited)**

**–**

### Liability component

At 1 April 2017 (audited)	209,769
Imputed interest expense charged	34,310
Interest paid	<u>(9,792)</u>

At 31 March 2018 (audited) and 1 April 2018 (audited)	234,287
Redemption of convertible bonds during the period	(244,800)
Imputed interest expense charged	14,314
Interest paid	<u>(3,801)</u>

**At 30 September 2018 (unaudited)**

**–**

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 31 March 2018, the fair value of the 2015 CB was approximately HK\$245,700,000 with reference to the valuation report issued by AP Appraisal Limited, an independent qualified valuer.

## 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.

## 24. SHARE OPTIONS (CONTINUED)

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 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.

## 24. SHARE OPTIONS (CONTINUED)

### 2002 Share Option Scheme

As at 30 September 2018, the number of shares in respect of which share options remained outstanding under 2002 Share Option Scheme was 220,000 (as at 31 March 2018: 220,000) representing 0.003% (as at 31 March 2018: 0.003%) 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 i) HK\$	Number of share options					Outstanding at 30 September 2018 (unaudited)
				Outstanding at 1 April 2018 (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	80,000	-	-	-	-	80,000
Total for all categories				<u>220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,000</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 reorganisation became effective on 3 June 2013).

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	<u>2.796%</u>

## 24. SHARE OPTIONS (CONTINUED)

### 2011 Share Option Scheme

On 31 August 2018, 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 31 August 2018 was 761,169,000.

As at 30 September 2018, the number of shares in respect of which share options remained outstanding under 2011 Share Option Scheme was 114,300,000 (as at 31 March 2018: 464,300,000), representing 1.50% (as at 31 March 2018: 7.32%) 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 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 2018 (unaudited)
				Outstanding at 1 April 2018 (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	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	-	-	-	(27,000,000)	28,000,000
	28 September 2016	28 September 2016 – 27 September 2026	0.261	275,000,000	-	-	(159,000,000)	(53,000,000)	63,000,000
Category 2: Employees	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	11,000,000	-	-	(8,000,000)	-	3,000,000
	20 April 2015	20 April 2015 – 19 April 2025	0.395	20,200,000	-	-	(18,800,000)	-	1,400,000
	28 September 2016	28 September 2016 – 27 September 2026	0.261	46,500,000	-	-	(31,000,000)	-	15,500,000
Category 3: Consultant	28 September 2016	28 September 2016 – 27 September 2026	0.261	53,000,000	-	-	(53,000,000)	-	-
Total for all categories				<u>464,300,000</u>	<u>-</u>	<u>-</u>	<u>(270,000,000)</u>	<u>(80,000,000)</u>	<u>114,300,000</u>
Weighted average exercise price (HK\$)				<u>0.290</u>	<u>-</u>	<u>-</u>	<u>0.278</u>	<u>0.306</u>	<u>0.308</u>

## 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 (China) Limited (“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 <i>HK\$'000</i>	Fair values adjustments <i>HK\$'000</i>	Fair values <i>HK\$'000</i>
<b>Fair value of the assets acquired and liabilities recognised at the date of acquisition</b>			
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
	<hr/>	<hr/>	<hr/>
Total identifiable net assets	(6,039)	370,218	364,179
Non-controlling interests	1,993	(122,172)	(120,179)
	<hr/>	<hr/>	<hr/>
	(4,046)	248,046	244,000
	<hr/>	<hr/>	<hr/>
Total consideration			244,000

## 25. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### Acquisition of Good Union (China) Limited (“Good Union”) (Continued)

The acquisition did not constitute a business and has been accounted for as acquisition of asset.

	<i>HK\$'000</i>
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
	<hr/>
	245,323
	<hr/>

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.

## 26. CONTINGENT LIABILITIES

At 30 September 2018, a wholly owned China subsidiary of the Company, 大連創和置地有限公司 (“大連創和”) provided corporate guarantees and a pledge to third parties and had contingent liabilities amounting to RMB200,000,000 (At 31 March 2018: RMB200,000,000), detailed as follows:

- (1) On 17 April 2014, 大連創和 provided a corporate guarantee to 大連銀行第一中心支行 (“大連銀行(一)”) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連東潤物資回收有限公司 (“大連東潤”). In 2017, 大連銀行(一) took a legal action against 大連東潤 for the recovery of the aforesaid loan. On 21 December 2017, 遼寧省大連市中級人民法院 (the “Court”) ordered 大連東潤 to repay the loan to 大連銀行(一), together with relevant legal cost and interest. Since another independent guarantor of the loan, 大連順浩置業有限公司 (“大連順浩”) has pledged its properties to 大連銀行(一) for this loan, it is believed that 大連銀行(一) can fully recover the loan and interest from the sales proceeds of the pledged properties.
- (2) On 23 May 2014, 大連創和 provided a corporate guarantee to 大連銀行(一) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連連隆物資有限公司 (“大連連隆”). In 2017, 大連銀行(一) took a legal action against 大連連隆 for the recovery of the aforesaid loan. On 4 January 2018, the Court ordered 大連連隆 to repay the loan to 大連銀行(一), together with relevant legal cost and interest. Since 大連順浩 has pledged its properties to 大連銀行(一) for this loan, it is believed that 大連銀行(一) can fully recover the loan and interest from the sales proceeds of the pledged properties.



## 26. CONTINGENT LIABILITIES (CONTINUED)

- (3) On 19 August 2014, 大連創和 provided a corporate guarantee to 大連銀行(一) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連澤琦貿易有限公司 (“大連澤琦”). In 2017, 大連銀行(一) took a legal action against 大連澤琦 for the recovery of the aforesaid loan. On 21 December 2017, the Court ordered 大連澤琦 to repay the loan to 大連銀行(一), together with relevant legal cost and interest. The loan principal of RMB50,000,000 has been repaid by 大連澤琦 on 30 December 2017. Since 大連順浩 has pledged its properties to 大連銀行(一) for this loan, it is believed that 大連銀行(一) can fully recover the outstanding interest from the sales proceeds of the pledged properties.
- (4) On 13 July 2015, 大連創和 has pledged a land use right recorded as properties under development (note 15) to provide a guarantee to 大連銀行第三中心支行 (“大連銀行(三)”) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連博信高分子材料有限公司 (“大連博信”). In 2017, 大連銀行(三) took a legal action against 大連博信 for the recovery of the aforesaid loan. On 25 January 2018, the Court ordered 大連博信 to repay the loan to 大連銀行(三), together with relevant legal cost and interest.
- (5) On 23 November 2015, 大連創和 provided a corporate guarantee to 大連銀行(三) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連鑫海盛建設工程有限公司 (“大連鑫海盛”). In 2017, 大連銀行(三) took a legal action against 大連鑫海盛 for the recovery of the aforesaid loan. On 25 January 2018, the Court ordered 大連鑫海盛 to repay the loan to 大連銀行(三), together with relevant legal cost and interest. Since another independent guarantor of the loan, 創達地產(大連)有限公司 (“創達地產”) has pledged its properties to 大連銀行(三) for this loan, it is believed that 大連銀行(三) can fully recover the loan and interest from the sales proceeds of the pledged properties.

Correspondingly, 大連創和 obtained counter-guarantees by 創達地產. 創達地產 undertook any legal disputes and economic losses that may be suffered by 大連創和 in relation to all the aforesaid corporate guarantees and pledge. 創達地產 is a company engaged in property development. 創達地產 provided its unaudited management accounts as at 31 October 2018 which show that it had a net asset value of approximately RMB236,419,000 and thus it had sufficient assets to cover the above liabilities.

Subsequently, a loan agreement of RMB245,000,000 has been signed by 大連順浩 with 大連銀行 on 27 December 2017. This loan is still undergoing the loan distribution procedures and is expected to be granted shortly to repay the loans, interests and other costs stated in (1), (2) and (3) and the corporate guarantees provided by 大連創和 will then be released. Another loan is in negotiation among 創達地產 and 大連銀行 to repay the loans, interests and other costs stated in (4) and (5). The corporate guarantees and pledge provided by 大連創和 will be released once this arrangement is reached.

The Directors are closely monitoring the situations and will continue to use their best endeavor to resolve it. The Directors are also assessing the legal position of the Group and may consider taking legal actions if appropriate.

Up to the date of this announcement, the Group did not suffer any loss from the above corporate guarantees and pledge. Having considered the counter-guarantees provided by 創達地產, pledge of valuable properties by 大連順浩 and 創達地產 and subsequent settlement arrangements as stated above, the Directors of the Company believe that the probability of suffering any significant loss by the Group from the above corporate guarantees and pledge is low. As such, no provision for loss is made.

## 27. OPERATING LEASE COMMITMENTS

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Within one year	2,838	2,879
In the second to fifth years inclusive	4,802	4,808
	<u>7,640</u>	<u>7,687</u>

## 28. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	At 30 September 2018 <i>HK\$'000</i> (unaudited)	At 31 March 2018 <i>HK\$'000</i> (audited)
Contracted but not provided for:		
Acquisition of investment properties	186,748	580,013
Property development expenditures	159,175	174,331
	<u>345,923</u>	<u>754,344</u>

## 29. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 September	
	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)
Key management personnel remuneration		
Short-term benefits	1,653	1,480
Retirement benefits scheme	35	36
	<u>1,688</u>	<u>1,516</u>

### **30. EVENTS AFTER REPORTING PERIOD**

On 21 September 2018, the Company announced the proposed capital reorganisation (“Capital Reorganisation”). The Capital Reorganisation was approved by the shareholders of the Company at the special general meeting held on 12 November 2018. Details of the Capital Reorganisation are set out in the announcements of the Company dated 21 September 2018 and 12 November 2018, and the circular of the Company dated 15 October 2018.

### **31. APPROVAL OF THE INTERIM FINANCIAL REPORT**

The interim financial report was approved and authorised for issue by the board of directors on 29 November 2018.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECT**

The Group recorded a loss attributable to owners of the Company, amounted to approximately HK\$38,378,000 for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK\$59,186,000). Such decrease in loss was mainly derived from decrease in finance costs and gain on disposal of subsidiaries.

Basic and diluted loss from continuing and discontinued operations per share for the six months ended 30 September 2018 was HK\$0.006 (six months ended 30 September 2017: HK\$0.010).

### **WATER BUSINESS**

#### **Water Production and Sales**

Since April 2017, the Group holds 20% equity interests of Hong Kong Spring Water Ding Dong Group Company Limited (“Spring Water Ding Dong”). A wholly-owned subsidiary in Guangxi of Spring Water Ding Dong holds a water procurement permit for production and sales of bottled water and is currently in operation.

During the period under review, the Group shared losses of associates of approximately HK\$12,230,000 (six months ended 30 September 2017: profits of approximately HK\$3,867,000).

#### **Water Mining**

Since June 2017, the Group holds 67% equity interests of Good Union (China) Limited and indirectly holds its wholly-owned subsidiary in Hunan which holds a water mining licence for exploitation of spring water. The production facilities in Hunan is currently under construction and is expected to be completed in 2019.

During the period under review, no revenue was derived from this segment and a loss of approximately HK\$1,196,000 (six months ended 30 September 2017: approximately HK\$828,000) was recorded which mainly comprised administrative expenses.

## **PROPERTY BUSINESS**

### **Property Development**

#### *Dalian Properties*

Our indirect wholly-owned subsidiary in the PRC, 大連創和置地有限公司 continues to engage in the development of urban land for residential usage in Dalian, which 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 for some public areas and its utilities. It is expected to be completed in 2019. There are 21 buildings established in Phase I with saleable areas 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). As at 30 September 2018, total contracted sales achieved approximately RMB133,017,000 (of which pre-sale deposits of approximately RMB111,906,000 received), and total contracted gross saleable areas were around 20,728 square metres.

For the Phase II, 34 buildings with 69,000 square metres are used as the saleable area. The initiation date will be in 2019 after the completion of the Phase I.

### **Property Investment**

#### *Yantian Properties*

(A) The Group entered into an acquisition agreement on 24 June 2014, a supplemental agreement on 15 April 2015, the second supplemental agreement on 12 July 2016, the third supplemental agreement on 17 May 2017 and the fourth supplemental agreement on 3 May 2018 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) (“Jinma Creative Industry Park”) with a total gross floor area of approximately 8,699 square metres.

\* For identification purposes only

As at 30 September 2018, the Group had obtained physical possession of the property and paid a conditionally refundable deposit of RMB90,000,000 in full amount in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB10,000,000 shall be paid within 30 days from the date on which the relevant building ownership certificates have been issued in favour of the purchaser which is an indirectly wholly-owned subsidiary of the Group (the “Jinma Industry Park Purchaser”). The vendor shall register the title of the property under the name of the Jinma Industry Park Purchaser on or before 31 December 2018 (or such other date as may be mutually agreed).

- (B) The Group entered into the second acquisition agreement on 15 May 2015, a supplemental agreement on 12 July 2016, the second supplemental agreement on 17 May 2017 and the third supplemental agreement on 3 May 2018 to further purchase the property at a consideration of approximately RMB65,100,000 (equivalent to approximately HK\$81,400,000). 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.

As at 30 September 2018, the Group had obtained physical possession of the property and paid a conditionally refundable deposit of RMB60,000,000 in full amount in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB5,100,000 shall be paid within 30 days from the date on which the property has been registered under the name of the Jinma Industry Park Purchaser. The vendor shall register the title of the property under the name of the Jinma Industry Park Purchaser on or before 31 December 2018 (or such other date as may be mutually agreed).

- (C) The Group entered into the third acquisition agreement on 10 November 2015, a supplemental agreement on 17 May 2017 and the second supplemental agreement on 3 May 2018 to further purchase the property at a consideration of approximately RMB101,600,000 (equivalent to approximately HK\$122,000,000). 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 2018, the Group had obtained physical possession of the property and paid a conditionally refundable deposit of RMB100,000,000 in full amount in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB1,600,000 shall be paid within 30 days from the date on which the property has been registered under the name of the Jinma Industry Park Purchaser. The vendor shall register the title of the property under the name of the Jinma Industry Park Purchaser on or before 31 December 2018 (or such other date as may be mutually agreed).

### *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 demanded 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 2018, the Group had received a total amount of RMB212,000,000 for the refund of the paid consideration and the payment of the compensation. The Group anticipates that the remaining balance of the refund will be received by 31 December 2018, failing which the Group may consider taking legal action against the vendor.

### *Beijing Properties*

The Group entered into an acquisition agreement on 28 February 2017 to purchase (a) the office premises with a gross floor area of 8,335 square metres and (b) the 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 a consideration of approximately RMB220,000,000 (subject to adjustments).

\* For identification purposes only

As at 30 September 2018, the Group paid consideration of RMB200,000,000 in full amount 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 and are expected to be completed in 2019.

### *Shenyang Properties*

The Group entered into a sale and purchase agreement on 12 October 2017 to purchase the properties at a total consideration of RMB625,000,000 (subject to adjustments). The properties comprise Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC with a gross floor area of approximately 34,754.58 square metres, while the gross floor area of office is approximately 30,480.96 square metres.

As at 30 September 2018, the Group had paid RMB500,000,000 to the vendor, representing approximately 80% of the total consideration. Currently, the Shenyang Properties are under construction. 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 writing.

During the period under review, the Group recorded a loss from property development and investment segment of approximately HK\$3,863,000 (six months ended 30 September 2017: HK\$1,039,000). The loss mainly comprised operation and administrative expenses.

## **INVESTING AND FINANCING BUSINESS**

### **Money Lending Business (Discontinued Operations)**

Reference is made to the announcement of the Company dated 11 July 2018. Having considered the keen market competition and the challenging market environment, risks associated with the possible default by the borrowers, decline in lending interest rates, and opportunities for other new and more profitable businesses, the Group had ceased the operation of its money lending business.



## SIGNIFICANT INVESTMENTS

As at 30 September 2018, the Group had significant investments in equity securities classified as financial assets at fair value through profit or loss. The details are set out as follows:

Stock code	Name of investee company	Number of shares held as at 30 September 2018	Percentage of shareholdings as at 30 September 2018	Carrying amount as at 31 March 2018 <i>HK\$'000</i>	Unrealized	Fair value as at 30 September 2018 <i>HK\$'000</i>	Percentage of	Percentage of
					fair value loss for the six months ended 30 September 2018 <i>HK\$'000</i>		total financial assets at fair value through profit or loss as at 30 September 2018	
640	Infinity Development Holdings Company Limited	1,000,000	0.16%	740	(70)	670	15.93%	0.02%
747	Shenyang Public Utility Holdings Company Limited	13,100,000	2.16%	4,127	(590)	3,537	84.07%	0.13%
				4,867	(660)	4,207	100.00%	0.15%

Brief description of the principal business and the future prospect of the investee companies are set out below:

<b>Name of investee company</b>	<b>Principal business and future prospect</b>
Infinity Development Holdings Company Limited	<p>That company is principally engaged in the manufacturing and sales of adhesives, primers, hardeners, vulcanized shoes adhesive related products used by the footwear manufacturers and acting as the sales agent for adhesive used in the production of electronic products.</p> <p>As disclosed in the interim report of that company for the six months ended 31 March 2018, that company expects that the growth of that company's sales will be at a steady pace in 2018 after the completion and commencement of operation of the new Vietnam plant. Due to the continual growth in global demand for footwear, more stringent quality requirement and ongoing diversion of the footwear manufacturing industry to countries or regions with lower costs, the effect of the previous regional deployments of that company is becoming prominent under the swift changes in the market. As such, that company anticipates that there will be a stable growth in the demand for our high quality adhesive products in 2018.</p>
Shenyang Public Utility Holdings Company Limited	<p>That company's principal businesses are construction of infrastructure and development of properties and credit business.</p> <p>As disclosed in the interim report of that company for the six months ended 30 June 2018, that company will continue to focus on the infrastructure construction business and gradually completing its properties under development. In addition, that company has rationalised the credit business in Hong Kong to reduce the risks of the credit business. At the same time, that company is identifying potential investments to widen the business horizon of that company.</p>

The Directors believe that the future performance of the equity securities of companies listed on the Stock Exchange held by the Group will be affected by the overall economic environment, capital market conditions, investor sentiment and the business performance of the investee companies. The Board will continue to look for attractive investment opportunities which can generate better returns to its shareholders.

Save as disclosed above, there were no other significant investments by the Group during the period under review.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

## **SHARE CAPITAL**

As at 30 September 2018, the total number of issued ordinary shares of the Company was 7,611,690,000 (as at 31 March 2018: 6,343,690,000). On 3 August 2018, 1,268,000,000 new ordinary shares were allotted and issued to Mr. Li Yuguo at the subscription price of HK\$0.25 per share. Details of the subscription of shares are set out in “Subscription of Shares” under “Equity Fund Raising Activities” of Management Discussion and Analysis.

## **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 “Convertible Bonds”). The outstanding principal amount of Convertible Bonds as at 31 March 2018 was HK\$244,800,000.

On 20 August 2018, the Convertible Bonds were matured and none of the outstanding principal amount of the Convertible Bonds had been converted into shares. The Company had redeemed the outstanding Convertible Bonds in whole at a redemption price equal to 100% of the outstanding principal amount of HK\$244,800,000 together with all accrued and unpaid interests thereon and completed all relevant procedures thereafter.

## **EQUITY FUND RAISING ACTIVITIES**

### **Subscription of Shares**

On 17 April 2018, the Company and Mr. Li Yuguo, a substantial shareholder and the Chairman and Executive Director of the Company, entered into a subscription agreement that Mr. Li Yuguo agreed to subscribe for 1,268,000,000 new ordinary shares at subscription price of HK\$0.25 per share. The subscription had been completed on 3 August 2018. Details of which the Subscription are set out in the announcements of the Company dated 17 April 2018 and 3 August 2018.

The net proceeds of approximately of HK\$316,500,000 are intended to be used for capital expenditure on the production facilities in Hunan of the indirect wholly-owned subsidiary of Good Union (China) Limited and for the potential acquisition of business or companies and working capital of the Group.

As at 30 September 2018, the net proceeds of subscription of shares of approximately HK\$216,500,000 has been used to redeem the outstanding principal of the Convertible Bonds at maturity. The remaining net proceeds of approximately HK\$100,000,000 has yet to be used.

### **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 the Subscription and the Change in Use of Proceeds 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.

As at 30 September 2018, the net proceeds of approximately HK\$244,000,000 has been used to redeem the promissory notes in related to the acquisition of 20% equity interests of Spring Water Ding Dong, the net proceeds of approximately HK\$228,600,000 has been used for the acquisition of Shenyang Properties.

### **CAPITAL STRUCTURE**

Total equity attributable to owners of the Company increase to approximately HK\$2,262,555,000 as at 30 September 2018 from approximately HK\$2,145,072,000 as at 31 March 2018. As at 30 September 2018, the short-term and long-term interest bearing debts to total equity attributable to owners of the Company was nil (as at 31 March 2018: approximately 10.92%).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2018, the Group had total assets of approximately HK\$2,732,323,000 (as at 31 March 2018: approximately HK\$2,860,646,000) which was financed by current liabilities of approximately HK\$317,560,000 (as at 31 March 2018: approximately HK\$569,728,000), non-current liabilities of approximately HK\$33,164,000 (as at 31 March 2018: approximately HK\$36,354,000), non-controlling interests of approximately HK\$119,044,000 (as at 31 March 2018: approximately HK\$109,492,000) and the shareholder's equity of approximately HK\$2,262,555,000 (as at 31 March 2018: approximately HK\$2,145,072,000).

The Group's current ratio as at 30 September 2018 was approximately 3.21 (as at 31 March 2018: approximately 2.55) and gearing ratio, representing convertible bonds divided by the shareholder's equity was nil (as at 31 March 2018: approximately 10.92%).

As at 30 September 2018, except for the capital commitments amounting to approximately HK\$345,923,000 (as at 31 March 2018: approximately HK\$754,344,000), the Group had no other material capital commitments.

As at 30 September 2018 and 31 March 2018, the Group had contingent liabilities amounting to RMB200,000,000. Details are set out in note 26 to the interim financial report.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

### **Disposal**

#### *Disposal of 100% equity interests of China Value Assets Limited and Merit Development Limited*

On 12 July 2018, the Company entered into a disposal agreement with a third party in relation to the disposal of 100% equity interests of China Value Assets Limited and Merit Development Limited at the consideration of HK\$33,000,000. The disposal had been completed on 28 September 2018. Details of the disposal were disclosed in the announcements dated 12 July 2018 and 28 September 2018.

### *Disposal of the entire registered capital of 陝西和萬交通能源有限責任公司*

On 21 September 2018, the Company entered into a disposal agreement with a third party in relation to the disposal of the entire registered capital of 陝西和萬交通能源有限責任公司 at the consideration of approximately HK\$4,820,000. The disposal had been completed on the same date.

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

### **SUBSEQUENT EVENTS**

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

### **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

The Group mainly exposes to the RMB currency, arising from relevant group entities' foreign currency denominated monetary assets and liabilities for the Group's operating activities.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

### **EMPLOYEE AND REMUNERATION POLICY**

The Group has a total of approximately 42 employees in Hong Kong and the PRC as at 30 September 2018. The total cost (staff salaries, directors' emoluments and other staff costs) for the six months ended 30 September 2018 amounted to approximately HK\$5,182,000 from continuing and discontinued operations (six months ended 30 September 2017: HK\$3,494,000). Remuneration packages are generally formulated according to market environment and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provides medical benefits and subsidizes employees in various 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 2018.

## **CORPORATE GOVERNANCE PRACTICES**

The Company recognises the importance of maintaining a high standard of corporate governance with an aim to protect the interest of shareholders.

The Company has adopted the Corporate Governance Code contained in Appendix 14 (the “Code”) of the Listing Rules. During the six months ended 30 September 2018, the Company complied with all applicable provisions of the Code except for the deviation as stated below:

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.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, an Independent Non-executive Director of the Company was unable to attend the special general meeting of the Company held on 12 February 2018.
3. Under Code provision A.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its directors. The directors’ and officers’ liability insurance maintained by the Company has expired on 20 May 2018. As the Company has yet to reach an agreement with the insurer regarding the terms and insurance premium of new insurance policy, insurance cover in respect of legal action against its directors has not been in place since 21 May 2018. The Company will continue to liaise with the insurer on the same.

## **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 2018.

## 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 2018.

## 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](http://www.hkex.com.hk) under “Latest Listed Companies Information” and the Company’s websites at [www.asiaresources899.com](http://www.asiaresources899.com) in due course.

By Order of the Board  
**Asia Resources Holdings Limited**  
**Li Yuguo**  
*Chairman*

Hong Kong, 29 November 2018

*As at the date of this announcement, the Board consists of four executive directors, Mr. Li Yuguo, Ms. Guo Yumei, Mr. Liu Yan Chee, James and Mr. Chan Yuk Sang; two non-executive directors, Mr. Yang Xiaoqiang and Mr. Huang Yilin; and three independent non-executive directors, Mr. Ba Junyu, Mr. Zhu Xueyi and Mr. Wong Chung Man.*