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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 2016

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 2016 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 2016*

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2016</b>	2015
		<b>(unaudited)</b>	(unaudited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Continuing operations			
Revenue, net	4	3,734	504
Cost of Sales		—	(100)
		<hr/>	<hr/>
Gross profit		3,734	404
Other (loss)/gain	5	(1,603)	10,922
Administrative expenses		(49,486)	(65,330)
Share of results of an associate		(442)	—
(Loss)/gain on disposal of subsidiaries	6	(110)	56,505
Finance costs	7	(15,941)	(10,962)
		<hr/>	<hr/>
Loss before taxation	8	(63,848)	(8,461)
Taxation	9	—	—
		<hr/>	<hr/>
Loss for the period from continuing operations		(63,848)	(8,461)
Loss for the period from discontinuing operations		—	(4,382)
		<hr/>	<hr/>
Loss for the period		<b>(63,848)</b>	<b>(12,843)</b>

\* *For identification purposes only*

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2016*

		<b>For the six months ended 30 September</b>	
		<b>2016</b>	2015
		<b>(unaudited)</b>	(unaudited)
<i>Note</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive (expenses)/income</b>			
Item that may be reclassified subsequently to profit or loss:			
	Exchange differences arising during the period	(52,300)	(50,184)
	Reclassification adjustments relating to foreign operations disposed during the period	<u>123</u>	<u>(28,408)</u>
	Other comprehensive expenses for the period, net of tax	<u>(52,177)</u>	<u>(78,592)</u>
	Total comprehensive loss for the period	<u>(116,025)</u>	<u>(91,435)</u>
Loss attributable to:			
	– Owners of the Company	(63,440)	(10,649)
	– Non-controlling interests	<u>(408)</u>	<u>(2,194)</u>
		<u>(63,848)</u>	<u>(12,843)</u>
Total comprehensive loss attributable to:			
	– Owners of the Company	(115,335)	(89,955)
	– Non-controlling interests	<u>(690)</u>	<u>(1,480)</u>
		<u>(116,025)</u>	<u>(91,435)</u>
		<i>HK\$</i>	<i>HK\$</i>
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
	– Basic and diluted	<u>10</u> <u>0.012</u>	<u>0.003</u>
	From continuing operations		
	– Basic and diluted	<u>10</u> <u>0.012</u>	<u>0.002</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

		At 30 September 2016 (unaudited) HK\$'000	At 31 March 2016 (audited) HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	12	37,897	39,157
Investments in an associate	14	440,692	456,313
Deposit for acquisition of investment properties	17	609,311	598,092
		<b>1,087,900</b>	<b>1,093,562</b>
<b>Current assets</b>			
Properties under development	15	788,151	782,281
Loan receivables	16	42,932	40,638
Prepayments, deposits and other receivables	17	73,958	58,289
Financial assets at fair value through profit or loss		8,083	10,632
Amount due from an associate	14	12,157	4,167
Bank balances and cash		481,634	505,485
		<b>1,406,915</b>	<b>1,401,492</b>
Assets classified as held for sale		–	65,667
		<b>1,406,915</b>	<b>1,467,159</b>
<b>Current liabilities</b>			
Trade payables	18	33,813	8,676
Other payables and accruals	19	150,837	169,972
Tax payables		1,748	2,101
Convertible notes/bonds	21	9,766	9,646
Receipts in advance		97,091	97,800
		<b>293,255</b>	<b>288,195</b>
Net current assets		<b>1,113,660</b>	<b>1,178,964</b>
Total assets less current liabilities		<b>2,201,560</b>	<b>2,272,526</b>

		At <b>30 September</b> <b>2016</b> <b>(unaudited)</b> <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>Capital and reserves</b>			
Share capital	20	<b>1,335,923</b>	1,335,923
Reserves		<b>631,463</b>	712,015
		<hr/>	<hr/>
<b>Total equity attributable to owners of the Company</b>		<b>1,967,386</b>	2,047,938
<b>Non-controlling interests</b>		<b>(8,760)</b>	(8,070)
		<hr/>	<hr/>
		<b>1,958,626</b>	2,039,868
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Convertible notes/bonds	21	<b>198,724</b>	188,448
Deferred tax liabilities		<b>44,210</b>	44,210
		<hr/>	<hr/>
		<b>242,934</b>	232,658
		<hr/>	<hr/>
		<b>2,201,560</b>	2,272,526
		<hr/>	<hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This condensed consolidated interim financial information was approved for issue on 25 November 2016. This condensed consolidated interim financial information has not been audited.

### 2. ADOPTION OF NEW AND REVISED HKFRSs EFFECTIVE IN CURRENT PERIOD

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

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception

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

### 3. SEGMENT INFORMATION

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

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

- (1) For iron ore exploration and exploitation operations, the CODM regularly reviews the performance of the iron ore operation in Indonesia. These operations have been aggregated into a single operating segment and named “Iron ore exploration, exploitation and trading operations”.

- (2) For investing and financing operation, 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”.
- (3) For property sales operations, the CODM regularly reviews the performance of the property sales operations. These operations have been aggregated into a single operating segment and name: “Property sale”.

There were no inter-segment sales during the six months ended 30 September 2016 (30 September 2015: HK\$Nil).

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

### Six months ended 30 September

	Iron ore exploration, exploitation and trading operations		Investing and financing		Property Sale		Unallocated		Consolidation	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
<b>Segment revenue:</b>										
Sales to external customers	-	-	3,734	306	-	-	-	198	3,734	504
Total revenue	<u>-</u>	<u>-</u>	<u>3,734</u>	<u>306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198</u>	<u>3,734</u>	<u>504</u>
Segment results	<u>(1,615)</u>	<u>(4,886)</u>	<u>(216)</u>	<u>(1,991)</u>	<u>(1,446)</u>	<u>(6,341)</u>	<u>-</u>	<u>-</u>	<u>(3,277)</u>	<u>(13,218)</u>
<b>Unallocated corporate expenses</b>										
Profit or Loss on disposal of fixed assets	59	-	(11)	-	-	-	-	-	48	-
Other revenue and gains	116	23	-	-	-	330	830	9,760	946	10,113
Gain on disposal of subsidiaries	-	-	-	-	-	-	2	56,505	2	56,505
Fair value changes on financial assets at fair value through profit or loss	-	-	(2,549)	809	-	-	-	-	(2,549)	809
Central administration costs	-	-	-	-	-	-	(42,635)	(51,708)	(42,635)	(51,708)
Share of profit of associates	-	-	-	-	-	-	(442)	-	(442)	-
Finance costs	-	-	(35)	-	-	-	(15,906)	(10,962)	(15,941)	(10,962)
Loss before taxation									(63,848)	(8,461)
Taxation									-	-
Loss for the period									<u>(63,848)</u>	<u>(8,461)</u>

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

	Iron ore exploration, exploitation and trading operations		Investing and financing		Property Sale		Consolidation	
	At	At	At	At	At	At	At	At
	30 September 2016 (unaudited) HK\$'000	31 March 2016 (audited) HK\$'000	30 September 2016 (unaudited) HK\$'000	31 March 2016 (audited) HK\$'000	30 September 2016 (unaudited) HK\$'000	31 March 2016 (audited) HK\$'000	30 September 2016 (unaudited) HK\$'000	31 March 2016 (audited) HK\$'000
<b>ASSETS</b>								
Segment assets	4,558	5,401	57,985	54,383	1,359,287	1,398,968	1,421,830	1,458,752
Unallocated corporate assets							1,072,985	1,101,969
							<u>2,494,815</u>	<u>2,560,721</u>
<b>LIABILITIES</b>								
Segment liabilities	(5)	(11)	(126)	(3,091)	(313,645)	(292,000)	(313,776)	(295,102)
Unallocated corporate liabilities							(222,413)	(225,751)
							<u>(536,189)</u>	<u>(520,853)</u>

#### 4. REVENUE, NET

	For the six months ended	
	30 September 2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Investing and financing, net	3,734	306
Other	—	198
	<u>3,734</u>	<u>504</u>

## 5. OTHER (LOSS)/GAIN

	For the six months ended	
	30 September	
	2016 (unaudited) <i>HK\$'000</i>	2015 (unaudited) <i>HK\$'000</i>
Interest income on bank deposit	1,040	160
Dividend income from financial assets		
at fair value through profit or loss	–	–
Sundry and other operating income	196	9,930
Fair value change on financial assets		
at fair value through profit or loss	(2,549)	809
Exchange (loss)/gain, net	(290)	23
	<u>(1,603)</u>	<u>10,922</u>

## 6. (LOSS)/GAIN ON DISPOSAL OF SUBSIDIARIES

- (a) 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, which is engaged in the PRC at consideration of RMB13,600,000 (equivalent to approximately HK\$16,048,000).

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



- (b) 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, which is engaged in the PRC at consideration of RMB41,000,000 (equivalent to approximately HK\$48,397,000).

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

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

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

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

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

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

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

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

## 7. FINANCE COSTS

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<b>(unaudited)</b>	(unaudited)
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Imputed interest on convertible notes	<b>15,907</b>	10,962
Other interest	<u><b>34</b></u>	<u>–</u>
	<u><b>15,941</b></u>	<u>10,962</u>

## 8. LOSS BEFORE TAXATION

	For the six months ended	
	30 September	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
The Group's loss from continuing operations is carried at after charging/(crediting)		
Depreciation of property, plant and equipment	877	2,274
Staff cost (including directors' remuneration)	34,906	39,032
Minimum lease payments under operating lease	1,115	1,981
Gain on disposal of property, plant and equipment	(48)	–
Fair value change on financial asset at fair value through profit or loss	2,549	(809)

## 9. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group's operation in Hong Kong had no assessable profit for the period (2015: HK\$Nil).

No provision for PRC Enterprise Income Tax has been made in the condensed consolidated financial statements as the Group's operation in the PRC had no assessable profit for the period (2015: HK\$Nil).

No provision for Indonesia Corporate Income Tax has been made in the condensed consolidated financial statements as the Group's operation in Indonesia had no assessable profit for the period (2015: HK\$Nil).

## 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	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Loss</b>		
Loss for the period from continuing operations attributable to the owners of the Company	(63,440)	(6,267)
Loss for the period from discontinued operations attributable to the owners of the Company	—	(4,382)
	<u>(63,440)</u>	<u>(10,649)</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 ( <i>Note</i> )	<u>5,343,690</u>	<u>3,481,415</u>

*Note:*

The basic and diluted loss per share are the same for the six months ended 30 September 2016 and 2015, as the effect of the share options and convertible notes/bonds would be anti-dilutive and were not included in the calculation of diluted loss per share.

### **From continuing operations**

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the period from continuing operations attributable to the owners of the Company	<u>(63,440)</u>	<u>(6,267)</u>

The basic and diluted loss per share from continuing operations are the same for the six months ended 30 September 2016 and 2015, as the effect of the share options and convertible notes/bonds would be anti-dilutive and were not included in the calculation of diluted loss per share.

### **11. DIVIDENDS**

On 25 November 2016, no interim dividend was declared by the Company for the six months ended 30 September 2016 (2015: HK\$Nil).

### **12. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2016, the Group has acquired property, plant and equipment of approximately HK\$1,904,000 (30 September 2015: approximately HK\$7,000). The items of property, plant and equipment with carrying amount of approximately HK\$243,000 were disposed during the six months ended 30 September 2016. No property, plant and equipment was disposed during six months ended 30 September 2015.

At 30 September 2016, no property, plant and equipment has been pledged to secure credit facilities. (31 March 2016: HK\$Nil)

### 13. INTANGIBLE ASSETS

	<b>Exclusive right HK\$'000 (Note)</b>
<b>Cost</b>	
At 1 April 2016 (audited) and 30 September 2016 (unaudited)	576,334
<b>Accumulated amortisation and impairment</b>	
At 1 April 2016 (audited)	576,334
At 30 September 2016 (unaudited)	—
<b>Carrying amount</b>	
<b>At 30 September 2016 (unaudited)</b>	<b>—</b>
At 31 March 2016 (audited)	—

*Note:*

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

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

Amortization was provided for the periods ended 30 September 2016 and 2015, the capitalized cost of the exclusive right was amortized over the remaining period of the licence as from 1 April 2014 to 20 July 2020.

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

During the year ended 31 March 2016, the export restriction of iron sand 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 of the end of each reporting period. As at the year ended 31 March 2016, the Group has completed its annual impairment test for the exclusive right, due to the mining operation was affected by the regulation mentioned as above, amount of approximately HK\$26,557,000 impairment loss was recognised for the year ended 31 March 2016 (2015: approximately HK\$168,342,000), as the recoverable amount is calculated to be lower than its carrying amount. As at period ended 30 September 2016, 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 recognised for the exclusive right for the period ended 30 September 2016.

#### 14. INVESTMENTS IN AN ASSOCIATE

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

	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Cost of investments in an associate, unlisted	<u>440,692</u>	<u>456,313</u>

As at 30 September 2016, the Group had interests in the following associate:

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



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

	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Total assets	207,156	216,088
Total liabilities	<u>(222,673)</u>	<u>(233,602)</u>
Net liabilities	<u>(15,517)</u>	<u>(17,514)</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the condensed consolidated financial statements.

	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Cost of investment in an associate		
Unlisted outside Hong Kong	(5,503)	(5,503)
Goodwill	467,812	467,812
Share of post-acquisition losses and other comprehensive expenses, net of dividend received	(6,438)	(5,996)
Exchange alignment	<u>(15,179)</u>	<u>–</u>
	<u>440,692</u>	<u>456,313</u>

#### Amount due from an associate

Name of Company	Highest balance during the period <i>HK\$'000</i>	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Shenzhen Zhaosheng Anye Investment Development Company Limited	<u>12,157</u>	<u>12,157</u>	<u>4,167</u>

The amount due from an associate is interest free, unsecured and recoverable on demand.

## 15. PROPERTIES UNDER DEVELOPMENT

	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Properties under development	<u>788,151</u>	<u>782,281</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 2016, the balance included land use rights of approximately HK\$201,127,000 (31 March 2016: HK\$208,022,000). Upon completion of the construction, the land use rights would be transferred to property held for sale.

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

	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Located in the PRC, held on: Leases of between 10 to 50 years	<u>788,151</u>	<u>782,281</u>

## 16. LOAN RECEIVABLES

	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Loan receivables	39,000	39,000
Interest receivables	<u>3,932</u>	<u>1,638</u>
	<u>42,932</u>	<u>40,638</u>

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

	<b>2016</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Receivables:		
Within 1 year	<u>42,932</u>	<u>40,638</u>

The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollars.

All loan receivables are secured, bear 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 receivable.

Loan receivables are interest-bearing at rates of 19.2% per annum. Interest income of approximately HK\$3,734,000 has been recognised in revenue in the consolidated statement of profit or loss and other comprehensive income during the period and receivable on the date of repayment.

#### 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At <b>30 September</b> <b>2016</b> <b>(unaudited)</b> <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Deposit for acquisition of investment properties	<u>609,311</u>	<u>598,092</u>
Deposits paid ( <i>Note i</i> )	<b>21,566</b>	22,895
Prepayments	<b>1,250</b>	9,901
Other receivables ( <i>Note ii</i> )	<u>51,142</u>	<u>25,493</u>
	<u><b>73,958</b></u>	<u>58,289</u>

*Notes:*

- (i) As at the period ended 30 September 2016 and year ended 31 March 2016, the deposit paid mainly represent a building naming right located in Shenzhen.
- (ii) As at the period ended 30 September 2016, amount of approximately HK\$23,256,000 was receivable from the vendor in respect of the consideration for the disposal of subsidiaries (note 6) .

**18. TRADE PAYABLES**

	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Trade payables	<u>33,813</u>	<u>8,676</u>

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

	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
0 to 90 days	–	–
91 to 180 days	–	272
181 to 365 days	–	–
Over 365 days	<u>33,813</u>	<u>8,404</u>
	<u>33,813</u>	<u>8,676</u>

**19. OTHER PAYABLES AND ACCRUALS**

	At 30 September 2016 (unaudited) <i>HK\$'000</i>	At 31 March 2016 (audited) <i>HK\$'000</i>
Land value added tax payable	92,751	92,751
Accruals	908	1,191
Other payables	47,687	57,414
Accrued interest on convertible notes	<u>9,491</u>	<u>18,616</u>
	<u>150,837</u>	<u>169,972</u>

## 20. SHARE CAPITAL

	Number of shares '000	HK\$'000
<b>Authorized:</b>		
Ordinary share of HK\$0.25 each At 1 April 2016 (audited)	<u>10,000,000</u>	<u>2,500,000</u>
Ordinary share of HK\$0.25 each At 30 September 2016 (unaudited)	<u>10,000,000</u>	<u>2,500,000</u>
<b>Issued and fully paid:</b>		
Ordinary share of HK\$0.25 each At 1 April 2016 (audited)	<u>5,343,690</u>	<u>1,335,923</u>
Ordinary share of HK\$0.25 each At 30 September 2016 (unaudited)	<u>5,343,690</u>	<u>1,335,923</u>

## 21. CONVERTIBLE NOTES/BONDS

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

On 20 August 2015, the Company issued a 3-year convertible bonds due on 20 August 2018 with a principal amount of HK\$432,000,000 which is intercomprising 4% coupon rate per annum (“the 2015 CB”). The convertible bonds were issued for potential future investments, including real estate projects and the general working capital of the Group. The convertible bonds are designated as fair value on initial recognition and are convertible into fully paid ordinary shares with a par value of HK\$0.25 each of the Company at an initial conversion price of HK\$0.72. The effective interest rate are ranging from 15.98% to 16.02%. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date. The principal amount of convertible bonds outstanding was HK\$244,800,000 as at 30 September 2016.

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

	<b>2014 CN</b> <i>HK\$'000</i>	<b>2015 CB</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Equity component</b>			
At 31 March and 1 April 2015	7,209	–	7,209
Issue of convertible notes	–	119,993	119,993
Converted into shares during the year	<u>(6,879)</u>	<u>(47,432)</u>	<u>(54,311)</u>
At 31 March and 1 April 2016 (audited)	<u>330</u>	<u>72,561</u>	<u>72,891</u>
<b>At 30 September 2016 (unaudited)</b>	<b><u>330</u></b>	<b><u>72,561</u></b>	<b><u>72,891</u></b>
<b>Liability component</b>			
At 31 March and 1 April 2015	229,289	–	229,289
Issue of convertible notes/bonds	–	312,007	312,007
Converted into shares during the year	(220,852)	(139,982)	(360,834)
Imputed interest expense charged	5,870	24,904	30,774
Interest paid	<u>(4,661)</u>	<u>(8,481)</u>	<u>(13,142)</u>
At 31 March and 1 April 2016 (audited)	9,646	188,448	198,094
Imputed interest expense charged	722	15,185	15,907
Interest paid	<u>(602)</u>	<u>(4,909)</u>	<u>(5,511)</u>
<b>At 30 September 2016 (unaudited)</b>	<b><u>9,766</u></b>	<b><u>198,724</u></b>	<b><u>208,490</u></b>

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 Appraisal Limited, independently professional valuer not connected with the Group. As at 30 September 2016, the fair value of the 2015 CB was HK\$212,781,000 (31 March 2016: HK\$208,576,000).

## 22. SHARE OPTIONS

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

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

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

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

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

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

Details of specific categories of options are as follows:

**2002 Share Option Scheme:**

As at 30 September 2016, the number of shares in respect of which share options remained outstanding under 2002 Share Option Scheme was 3,220,000 representing 0.06% of the shares of the Company in issue at the reporting date.

During six months ended 30 September 2016, 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 2016 (unaudited)
				Outstanding at 1 April 2016 (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	-	-	-	-	3,080,000
Total for all categories				<u>3,220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,220,000</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 reorganization became effective on 3 June 2013).



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

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

**2011 Share Option Scheme:**

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

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

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

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

On 7 September 2016, an ordinary resolution was duly passed by the shareholders at a annual general meeting of the Company, approving, inter alia, to refresh the scheme mandate limit under the 2011 Share Option Scheme of the Company adopted on 9 August 2011. The refreshed scheme limit as at 7 September 2016 was 534,369,000.

As at 30 September 2016, the number of shares in respect of which share options remained outstanding under 2011 Share Option Scheme was 519,300,000, representing 9.72% of the Shares of the Company in issue at the reporting date.

During six months ended 30 September 2016, 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 <i>HK\$</i>	Number of share options					Outstanding at 30 September 2016 <i>(unaudited)</i>
				Outstanding at 1 April 2016 <i>(audited)</i>	Granted during the period <i>(unaudited)</i>	Exercised during the period <i>(unaudited)</i>	Lapsed during the period <i>(unaudited)</i>	Cancelled during the period <i>(unaudited)</i>	
<b>Category 1: Directors</b>									
	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	-	-	-	275,000,000
<b>Category 2: Employees</b>									
	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	-	-	-	-	45,400,000
	20 April 2015	20 April 2015 – 19 April 2025	0.395	35,800,000	-	-	-	-	35,800,000
	28 September 2016	28 September 2016 – 27 September 2026	0.261	-	51,500,000	-	-	-	51,500,000
<b>Category 3: Consultant</b>									
	28 September 2016	28 September 2016 – 27 September 2026	0.261	-	53,000,000	-	-	-	53,000,000
Total for all categories				<u>139,800,000</u>	<u>379,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>519,300,000</u>
Weighted average exercise price ( <i>HK\$</i> )				<u>0.437</u>	<u>0.2610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.3084</u>

The fair value of the share options granted during the year ended 31 March 2016 and six months ended 30 September 2016 were pricing using the Trinomial model. The inputs into the model were as follow:

	<b>2011 Share Option Scheme</b>			
	<b>Granted on</b>			
	<b>26 August 2014</b>	<b>3 October 2014</b>	<b>20 April 2015</b>	<b>28 September 2016</b>
Grant date share price	HK\$0.345	HK\$0.52	HK\$0.395	HK\$0.255
Exercise price	HK\$0.352	HK\$0.52	HK\$0.395	HK\$0.261
Expected volatility	71.09%	71.741%	73.37%	75.62%
Expected option life	10 years	10 years	10 years	10 years
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	<u>1.919%</u>	<u>1.969%</u>	<u>1.40%</u>	<u>0.884%</u>

### 23. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2016.

### 24. RELATED PARTY TRANSACTIONS

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

	<b>For the six months ended</b>	
	<b>30 September 2016</b>	<b>2015</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Key management compensation		
Short-term benefit	–	2,263
Share-based payment	<b>29,165</b>	31,552
Retirement benefits scheme	<b>116</b>	44
	<u><b>29,281</b></u>	<u>33,859</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECT**

For the six months ended 30 September 2016, the consolidated revenue, net, of the Group was approximately HK\$3,734,000 (2015: HK\$504,000). It was mainly contributed from the investing and financing business.

Correspondingly, the gross profit of the Group for the six months ended 30 September 2016 increased to approximately HK\$3,734,000 (2015: HK\$404,000). Gross profit margin is approximately 100% as compared to 80% the same period last year.

Thus, overall speaking, the net loss attributable to owners of the Company, amounted to approximately HK\$63,440,000 for the six months ended 30 September 2016 (2015: net loss of approximately HK\$10,649,000). The increase in loss was mainly due to the gain on disposal of subsidiaries of approximately HK\$56,505,000 was recorded in 2015.

Basic and diluted loss per share for the six months ended 30 September 2016 was HK\$0.012 (six months ended 30 September 2015: basic and diluted loss per share of HK0.003).

### **PROPERTY BUSINESS**

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

#### **Dalian Properties**

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

Currently, Phase I is nearly completed except some public area and its utilities. The name of the property under development is “Xin Tian Jia Yuan\* (心田佳苑)”, located at Ziteng West Street, Dalian Economic and Technological Development Zone\* (大連經濟技術開發區). Pre-sale permit for Phase I with a saleable area of approximately 42,540 square metres had been obtained in April 2014. As at 30 September 2016, Dalian Chuanghe had completed 98% of the construction of Phase I. The Phase I development was expected to be completed in May 2017. Up to 30 September 2016, Dalian Chuanghe achieved contracted sales of approximately RMB87,195,000 (of which pre-sale deposits of approximately RMB83,497,000 were received), and contracted gross saleable area of approximately 14,533 square metres.

Regarding Phase II, which was planned to construct with a total of 34 buildings with estimated saleable area of 69,000 square metres, the expected commencement date and completed date of construction have also been postponed to 2017 and around 2019 respectively.

During the period under review, turnover from this segment was HK\$Nil, and recorded a loss of approximately HK\$1,446,000 (2015: HK\$6,341,000) which was mainly comprised of administrative and operation expenses.

### **Yantian Properties**

- (A) The Group entered into an acquisition agreement on 24 June 2014, a supplemental agreement on 15 April 2015 and a second supplemental agreement on 12 July 2016 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 saleable area of approximately 8,699 square metres.

As at 30 September 2016, the Group had obtained physical possession of the property and totally paid 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 RMB10,000,000 shall be paid within 30 days from the date on which the relevant building ownership certificates have been issued in favour of the purchaser.

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

As at 30 September 2016, the Group had obtained physical possession of the property and totally paid 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.

- (C) The Group entered into a third acquisition agreement on 10 November 2015, 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 saleable area of approximately 4,957 square metres.

As at 30 September 2016, the Group had obtained physical possession of the property and totally paid 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.

### **Zengcheng Properties**

- (A) The Group entered into an acquisition agreement on 15 April 2015 and a supplemental agreement on 15 June 2016 to purchase the property at a consideration of approximately RMB130,150,000 (equivalent to approximately HK\$162,688,000). The property to be acquired comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in a commercial and residential development project with a total gross floor area of 8,562.52 square metres located at Jinma Waterfront Square, Donghu Lakeside, Zengjiang Street, Zengcheng City, Guangdong Province, the PRC (“Jinma Waterfront Square”).

As at 30 September 2016, the Group had totally paid conditionally refundable deposit of RMB120,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB10,150,000 shall be paid within 60 days after the date on which all conditions for the delivery of physical possession of the property having been fulfilled and the relevant procedures for such delivery are completed.

- (B) The Group entered into a second acquisition agreement on 5 June 2015 and a supplemental agreement on 15 June 2016, to further purchase the property at a consideration of approximately RMB75,598,740 (equivalent to approximately HK\$94,498,425). The property to be acquired comprises a portion of two four-storey (excluding of a single-storey basement) commercial buildings in a commercial and residential development project with a gross floor of approximately 4,200 square meters located at Jinma Waterfront Square.

As at 30 September 2016, the Group had totally paid conditionally refundable deposit of RMB74,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB1,598,740 shall be paid within 60 days after the date on which all conditions for the delivery of physical possession of the property having been fulfilled and the relevant procedures for such delivery are completed.

- (C) The Group entered into a third acquisition agreement on 27 August 2015, to further purchase the property at a consideration of approximately RMB80,760,876 (equivalent to approximately HK\$100,951,095). The property to be acquired comprises 20 units of commercial property in a shopping arcade and 24 units of residential property in three residential buildings in a commercial and residential development project known as Jinma Donghu Residence located at Zengjiang Street, Zengcheng City, Guangdong Province, the PRC.

As at 30 September 2016, the Group had totally paid conditionally refundable deposit of RMB80,000,000 in accordance with the terms of payment stated in the sales and purchase agreement. The final payment of the consideration of approximately RMB760,876 shall be paid within 60 days after the date on which all conditions for the delivery of physical possession of the property having been fulfilled and the relevant procedures for such delivery are completed.

### **Hangzhou Properties**

The management had ceased the patisserie coffee shop and the indoor recreation playground businesses in the second half of 2015. 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.

## **IRON ORE MINING BUSINESS**

While facing the Ministerial Regulation No.1/2014 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.

For the period under review, this segment recorded a loss of approximately HK\$1,615,000 (2015: HK\$4,886,000).

## **MONEY LENDING BUSINESS**

The Group has obtained a money lenders licence in Hong Kong since July 2015 through its 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.

For the period under review, the money lending business recorded a revenue of approximately HK\$3,734,000 (2015: HK\$Nil).

## **SECURITIES AND OTHER TRADING BUSINESS**

During the period under review, the Group conducts investments in the stock market.

For the securities trading business, despite the management wishes to enlarge its securities trading portfolio in order to improve the performance of the Group. However, the volatility of the stock market during the period under review, makes the management to be more prudent in taking risk on the securities trading business.



There is no trading of securities during the period ended 30 September 2016. Therefore, the securities trading business has not generated any net gain/loss during the period under review (2015: net gain of approximately HK\$306,000). However, the investing and financing segment recorded a loss of approximately HK\$216,000 (2015: HK\$1,991,000).

There is no trading in gold bullion during the period under review (2015 profit: HK\$9,440,000).

## **NATURAL GAS BUSINESS**

On 29 June 2016, the Group entered into a sale and purchase agreement 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. (For details please refer to the announcement of the Company dated 29 June 2016). The acquisition of Shaanxi Tiandi has not yet completed as at 30 September 2016.

## **OTHER**

During the period under review, the Group paid interest for convertible notes/bonds of approximately HK\$5,511,000 (2015: HK\$6,026,000) and incurred non-cash finance costs of approximately HK\$15,907,000 (2015: HK\$10,962,000) 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 2016 (2015: HK\$Nil).

## **CAPITAL STRUCTURE**

Shareholders’ equity decreased to approximately HK\$1,967,386,000 as at 30 September 2016 from approximately HK\$2,047,938,000 as at 31 March 2016. As at 30 September 2016, the short term and long term interest bearing debts to shareholders’ equity was approximately 10.6% (at 31 March 2016: 9.7%).

## **MATERIAL ACQUISITION AND DISPOSAL**

On 31 March 2016, the Group entered into a share transfer agreement to dispose 100% equity interest of Shenzhen Shi Longxinchang Industrial Company Limited\* (深圳市隆欣昌實業發展有限公司) and the sale loan for a total consideration of RMB13,600,000 (equivalent to approximately HK\$16,048,000). The disposal was subsequently completed in April 2016.

On 14 April 2016, the Group entered into a share transfer agreement to dispose 100% equity interest of 深圳聚昌源實業發展有限公司 and the sale loan for the total consideration of RMB41,000,000 (equivalent to approximately HK\$48,397,000). The disposal was subsequently completed in April 2016.

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2016, the Group had total assets of approximately HK\$2,494,815,000 (at 31 March 2016: HK\$2,560,721,000) which was financed by current liabilities of approximately HK\$293,255,000 (at 31 March 2016: HK\$288,195,000), non-current liability of approximately HK\$242,934,000 (at 31 March 2016: HK\$232,658,000), non-controlling interests of approximately deficit balance HK\$8,760,000 (at 31 March 2016: deficit balance HK\$8,070,000) and shareholders' equity of approximately HK\$1,967,386,000 (at 31 March 2016: HK\$2,047,938,000).

The Group's current ratio as at 30 September 2016 was approximately 4.80 (at 31 March 2016: 5.09) and gearing ratio, representing the total of bank borrowings and the sum of convertible notes/bonds, divided by the shareholders' equity was approximately 10.6% (at 31 March 2016: 9.7%). As at 30 September 2016, approximately 100% of debts were denominated in Hong Kong Dollars and with fixed interest coupon rate (at 31 March 2016: 100% interest bearing debts were denominated in Hong Kong dollars with fixed interest coupon rates).

As at 30 September 2016, the Group had no pledged/charged on Group's assets (at 31 March 2016: Nil).

As at 30 September 2016, except for the capital commitment amounting to approximately HK\$72,551,000, the Group had no other material capital commitment and contingent liabilities.

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

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

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 September 2016, the Group has a total of approximately 63 employees in Hong Kong, Indonesia and the PRC. The total cost (staff salary and director emolument) for the six months ended 30 September 2016 amounted to approximately HK\$34,906,000. 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.

## **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 2016.

## **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. The roles of the chairman and the CEO of the Group was not separated and was performed by the same individual, Mr. Wu Hongquan acted as both the chairman and CEO throughout the period under review. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.
3. 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 was unable to attend the general meeting of the Company.
4. Under Code provision C.2.5, the Company should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group’s simple operating structure, it was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness.

## **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 2016.

## **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 2016.

## **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 on [www.asiaresources899.com](http://www.asiaresources899.com) in due course.

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

Hong Kong, 25 November 2016

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