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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 2014

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 2014 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 2014

	<i>Notes</i>	For the six months ended 30 September	
		2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Revenue	4	29,622	56,022
Cost of sales		<u>(25,324)</u>	<u>(48,202)</u>
Gross profit		4,298	7,820
Other revenue and gains	5	936	9,385
Negative goodwill arising on acquisition	6	93,087	–
Distribution and selling expenses		(5,081)	(10,966)
Administrative expenses		(37,195)	(14,259)
Other expenses	7	(185,499)	(39,452)
Finance costs	8	<u>(2,426)</u>	<u>(7,412)</u>
Loss before taxation	9	(131,880)	(54,884)
Taxation	10	<u>–</u>	<u>–</u>
Loss for the period		<u>(131,880)</u>	<u>(54,884)</u>

* *For identification purposes only*

		For the six months ended	
		30 September	
		2014	2013
		(unaudited)	(unaudited)
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive profit/(loss)			
Item that may be reclassified subsequently to profit or loss:			
	Exchange differences on translating foreign operations	<u>3,179</u>	<u>(818)</u>
	Other comprehensive profit/(loss) for the period, net of tax	<u>3,179</u>	<u>(818)</u>
	Total comprehensive loss for the period	<u>(128,701)</u>	<u>(55,702)</u>
Loss attributable to:			
	– Owners of the Company	<u>(47,017)</u>	(36,066)
	– Non-controlling interests	<u>(84,863)</u>	<u>(18,818)</u>
		<u>(131,880)</u>	<u>(54,884)</u>
Total comprehensive loss attributable to:			
	– Owners of the Company	<u>(43,784)</u>	(37,470)
	– Non-controlling interests	<u>(84,917)</u>	<u>(18,232)</u>
		<u>(128,701)</u>	<u>(55,702)</u>
		<i>HK\$</i>	<i>HK\$</i>
	Basic and diluted loss per share	<u>(0.03)</u>	<u>(0.16)</u>
		<i>11</i>	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

		At 30 September 2014 (unaudited) <i>HK\$'000</i>	At 31 March 2014 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	<i>13</i>	107,828	117,608
Deposit for acquisition of subsidiaries		–	135,000
Deposit for acquisition of property, plant and equipment		113,737	–
Prepaid lease payments		3,834	3,880
Intangible asset	<i>14</i>	36,286	221,785
Mining right	<i>15</i>	–	–
		<hr/> 261,685	<hr/> 478,273
Current assets			
Inventories		12,411	20,010
Properties under development		668,205	–
Trade and bills receivables	<i>16</i>	16,486	31,793
Prepayments, deposits and other receivables	<i>17</i>	20,300	59,260
Amount due from a non-controlling shareholder		596	596
Tax recoverable		551	581
Financial assets at fair value through profit or loss		30,403	16,327
Bank balances and cash		39,506	400,837
		<hr/> 788,458	<hr/> 529,404
Current liabilities			
Trade payables	<i>18</i>	34,778	13,660
Other payables and accruals	<i>19</i>	111,458	8,048
Tax payables		114	114
Amount due to a non-controlling shareholder		407	407
Bank borrowings	<i>21</i>	60,660	60,438
Short-term interest bearing borrowings		–	3,022
		<hr/> 207,417	<hr/> 85,689
Net current assets		<hr/> 581,041	<hr/> 443,715
Total assets less current liabilities		<hr/> 842,726	<hr/> 921,988

		At 30 September 2014 (unaudited) HK\$'000	At 31 March 2014 (audited) HK\$'000
	<i>Notes</i>		
Capital and reserves			
Share capital	20	440,716	394,679
Reserves		344,349	426,641
		<hr/>	<hr/>
Total equity attributable to owners of the Company		785,065	821,320
Non-controlling interests		10,914	95,831
		<hr/>	<hr/>
Total equity		795,979	917,151
		<hr/>	<hr/>
Non-current liability			
Deferred tax liabilities		46,324	4,837
Convertible notes	22	423	–
		<hr/>	<hr/>
		46,747	4,837
		<hr/>	<hr/>
		842,726	921,988
		<hr/> <hr/>	<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 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This condensed consolidated interim financial information was approved for issue on 27 November 2014. This condensed consolidated interim financial information has not been audited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014, except for the impact of the new and revised Hong Kong Accounting Standards, HKFRSs and interpretations described below.

In the current period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations (“new HKFRS”) issued by the HKICPA, which are effective for the Group’s financial period beginning on 1 April 2014. A summary of the new HKFRSs are set out as below:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above new HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements 2010-2012 Cycle ²
Amendments to HKFRSs	Annual Improvements 2011-2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements 2012-2014 Cycle ³
HKFRS 9 & HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁷
HKFRS 9 (as revised in 2014)	Financial Instruments ⁶
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations ³
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from Contracts with Customers ⁵
HKAS 19 (as revised in 2011)	Defined Benefit Plans: Employee Contributions ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ³
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ³
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ³

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after 1 January 2017

⁶ Effective for annual periods beginning on or after 1 January 2018

⁷ No mandatory effective date yet determined but is available for adoption

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (the directors of the Company) for the purpose of resource allocation and performance assessment are presented into four segments.

For manufacturing and sale of pharmaceutical products operations, the chief operating decision maker regularly reviews the performance of the sales revenue from pharmaceutical products. These operations have been aggregated into a single operating segment and named “Manufacturing and sales of pharmaceutical products”.

For iron ore exploration and exploitation operations, the chief operating decision maker regularly reviews the performance of the iron ore operation in Mongolia. In addition, the Group held a subsidiary in Indonesia which holds an exclusive right to manage, refine and sell the iron sand at the respective iron mine area hold by the non-controlling interest of the subsidiary. These operations have been aggregated into a single operating segment and named “Iron ore exploration, exploitation and trading operations”.

For securities investment operations, the chief operating decision maker regularly reviews the performance of the investment. These operations have been aggregated into a single operating segment and named “Securities Investment”.

For property sales operations, during the period, the Company has acquired a new subsidiary which operating the property sale business in the PRC. This operation has been classified into a single operating segment and named: “Property Sale”.

There were no inter-segment sales during the six months ended 30 September 2014 (30 September 2013: 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

	Manufacturing and sales of pharmaceutical products		Iron ore exploration, exploitation and trading operations		Securities Investment		Property Sale		Unallocated		Consolidation	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(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	(unaudited) HK\$'000	(unaudited) HK\$'000
Segment revenue:												
Sales to external customers	28,069	50,206	-	5,816	1,314	-	-	-	239	-	29,622	56,022
Total revenue	<u>28,069</u>	<u>50,206</u>	<u>-</u>	<u>5,816</u>	<u>1,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239</u>	<u>-</u>	<u>29,622</u>	<u>56,022</u>
Segment results	<u>(16,215)</u>	<u>(6,762)</u>	<u>(21,275)</u>	<u>(2,913)</u>	<u>1,314</u>	<u>-</u>	<u>(3,350)</u>	<u>-</u>	<u>(1,560)</u>	<u>-</u>	<u>(41,086)</u>	<u>(9,675)</u>
Unallocated corporate expenses												
Other revenue and gains	-	-	-	-	-	-	-	-	922	1,466	922	1,466
Other expenses	-	-	(167,909)	(39,452)	-	-	-	-	-	-	(167,909)	(39,452)
Negative goodwill arising on acquisition	-	-	-	-	-	-	93,087	-	-	-	93,087	-
Fair value changes on financial assets at fair value through profit or loss	-	-	-	-	14	(1,027)	-	-	-	-	14	(1,027)
Fair value changes on convertible notes	-	-	-	-	-	-	-	-	-	7,919	-	7,919
Central administration costs	-	-	-	-	-	-	-	-	(14,482)	(6,703)	(14,482)	(6,703)
Finance costs	(2,139)	(2,366)	-	-	-	-	-	-	(287)	(5,046)	(2,426)	(7,412)
Loss before taxation											<u>(131,880)</u>	<u>(54,884)</u>
Taxation											-	-
Loss for the period											<u>(131,880)</u>	<u>(54,884)</u>

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

	Manufacturing and sales of pharmaceutical products		Iron ore exploration, exploitation and trading operations		Securities investment		Property Sale		Consolidation	
	At	At	At	At	At	At	At	At	At	At
	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
ASSETS										
Segment assets	98,816	125,946	34,875	239,081	40,585	45,151	674,195	-	848,471	410,178
Unallocated corporate assets									201,672	597,499
									<u>1,050,143</u>	<u>1,007,677</u>
LIABILITIES										
Segment liabilities	(67,329)	(79,994)	(509)	(127)	(24)	(24)	(184,634)	-	(252,496)	(80,145)
Unallocated corporate liabilities									(1,668)	(10,381)
									<u>(254,164)</u>	<u>(90,526)</u>

4. REVENUE

	For the six months ended	
	30 September	
	2014 HK\$'000	2013 HK\$'000
Sale of pharmaceutical products	28,069	50,206
Sale of iron sand	-	5,816
Securities investment, net	1,314	-
Others	239	-
	<u>29,622</u>	<u>56,022</u>

5. OTHER REVENUE AND GAINS

	For the six months ended	
	30 September	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Other revenue		
Interest income on bank deposit	255	61
Realised gain on disposal of financial assets at fair value through profit or loss	–	62
Dividend income from financial assets at fair value through profit or loss	366	557
Sundry income	146	22
	<u>767</u>	<u>702</u>
Other gains		
Fair value change on convertible notes	–	7,919
Fair value change on financial assets at fair value through profit or loss	14	–
Exchange gain, net	155	764
	<u>169</u>	<u>8,683</u>
	<u>936</u>	<u>9,385</u>

6. NEGATIVE GOODWILL ARISING ON ACQUISITION

	Acquiree's carrying amount before combination <i>HK\$'000</i>	Fair value adjustment <i>HK\$'000</i>	2014 Total <i>HK\$'000</i>
Net assets acquired:			
Property, plant and equipment	900	–	900
Properties under development	316,139	282,485	598,624
Prepayments, deposits and other receivables	114,155	–	114,155
Cash and bank balances	2,426	–	2,426
Accruals and other	(29,507)	–	(29,507)
Land value added tax	–	(97,187)	(97,187)
Deferred tax liabilities	–	(46,324)	(46,324)
	<u>404,113</u>	<u>138,974</u>	<u>543,087</u>
Total consideration			<u>(450,000)</u>
Negative goodwill arising on acquisition			<u>93,087</u>

7. OTHER EXPENSES

	For the six months ended 30 September	
	2014 (unaudited) <i>HK\$'000</i>	2013 (unaudited) <i>HK\$'000</i>
Amortisation of intangible asset (<i>note 14</i>)	17,590	39,452
Provision for impairment loss on intangible asset (<i>note 14</i>)	<u>167,909</u>	<u>–</u>
	<u>185,499</u>	<u>39,452</u>

8. FINANCE COSTS

	For the six months ended	
	30 September	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Imputed interest on convertible notes	287	5,046
Interest on bank loan repayable within 5 years	<u>2,139</u>	<u>2,366</u>
	<u><u>2,426</u></u>	<u><u>7,412</u></u>

9. LOSS BEFORE TAXATION

	For the six months ended	
	30 September	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	6,924	6,941
Prepaid lease payments	60	86
Staff cost (including directors' remuneration)	13,584	10,107
Fair value change on financial assets at fair value through profit or loss	(14)	1,027
Fair value change on convertible notes	–	(7,919)
Minimum lease payments under operating lease	1,253	633
Exchange gain	<u>(155)</u>	<u>(764)</u>

10. TAXATION

	For the six months ended	
	30 September	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax		
The PRC enterprise income tax	<u>–</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group's operation in Hong Kong had no assessable profit for the period.

Subsidiary in the PRC is subject to the PRC Enterprise Income Tax at 25% for the six months ended 30 September 2014 and 2013.

Subsidiary in Mongolia is subject to corporate income tax at 10% (subject to the result of the subsidiary) for the six months ended 30 September 2014 and 2013.

Subsidiary in Indonesia is subject to corporate income tax at 25% for the six months ended 30 September 2014 and 2013.

11. LOSS PER SHARE

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

	For the six months ended 30 September	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	<u><u>(47,017)</u></u>	<u><u>(36,066)</u></u>
	'000 Shares	'000 Shares
	(unaudited)	(unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><u>1,666,226</u></u>	<u><u>223,948</u></u>

Diluted loss per share for the six months ended 30 September 2014 and 2013 was the same as the basic loss per share. The Company's outstanding convertible notes were not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible notes was anti-dilutive.

There was no diluting event existed during the six months ended 30 September 2014 and 2013.

12. DIVIDENDS

On 27 November 2014, no interim dividend was declared by the Company for the six months ended 30 September 2014 (2013: HK\$Nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group has acquired property, plant and equipment of approximately HK\$2,221,000 (30 September 2013: approximately HK\$4,848,000). Items of property, plant and equipment with carrying amount of approximately HK\$3,588,000 were disposed during the six months ended 30 September 2014 (30 September 2013: HK\$Nil), resulting in a net loss on disposal of property, plant and equipment approximately HK\$3,449,000 (30 September 2013: HK\$Nil).

At 30 September 2014, the Group has pledged certain of its buildings with an aggregate carrying amount of approximately HK\$24,215,000 (at 31 March 2014: approximately HK\$25,307,000), plant and machinery amounting to approximately HK\$15,681,000 (at 31 March 2014: approximately HK\$21,245,000), and land use rights amount of approximately HK\$3,954,000 (at 31 March 2014: approximately HK\$3,999,000) to certain bank to secure the credit facilities granted to the Group.

14. INTANGIBLE ASSET

	Exclusive right HK\$'000 (note)
Cost	
At 1 April 2014 (audited) and 30 September 2014 (unaudited)	<u>576,334</u>
Accumulated amortisation and impairment	
At 1 April 2014 (audited)	354,549
Charge for the period	17,590
Impairment loss recognised	<u>167,909</u>
At 30 September 2014 (unaudited)	<u>540,048</u>
Carrying amount	
At 30 September 2014 (unaudited)	<u><u>36,286</u></u>
At 31 March 2014 (audited)	<u><u>221,785</u></u>

Note:

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

Exclusive right is 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 license held by Indo. The operation license was valid for ten years from 21 July 2010 and the holder was entitled to apply for renewal for two times with a 10-year term each.

Amortisation was provided for the period ended 30 September 2014 and 2013, the capitalised cost of the exclusive right was amortised over the remaining period of the licence as from 1 April 2013 to 20 July 2020.

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 detail, please refer to the Company’s announcements dated 24 January 2014 and 2 May 2014 respectively.

The Group is required to assess any indication of impairment of the end of each reporting period. The Group has completed its impairment test for the exclusive right, due to the mining operation was affected by the regulation mentioned as above, amount of approximately HK\$167,909,000 impairment loss was recognised for the period ended 30 September 2014 (2013: HK\$Nil), as the recoverable amount is calculated to be lower than its carrying amount. The recoverable amount of the exclusive right is referenced to valuation report issued by Peak Vision Appraisals Limited, independently qualified professional valuer, as at 30 September 2014 which the exclusive right has been measured based on the value in use calculation.

15. MINING RIGHT

HK\$'000

Cost

At 1 April 2014 (audited) and 30 September 2014 (unaudited) 260,015

Accumulated amortisation and impairment

At 1 April 2014 (audited) and 30 September 2014 (unaudited) (260,015)

Carrying amount

At 30 September 2014 (unaudited) –

At 31 March 2014 (audited) –

The mining right represents the right to conducting mining activities in Tumurtei, Khuder Soum, Selenge Aimag, Mongolia.

The mining right is amortised using the unit-of-production method based on the total proven and probable mineral reserves, under the assumption that the Group can renew the mining right indefinitely till all proven and probable mineral reserves have been mined.

No amortisation was provided for the six months ended 30 September 2014 and 2013 as commercial production of the mine has not yet commenced during the period.

The Group is required to assess any indication of impairment at the end of each reporting period. The Group has completed its impairment test for the mining right by comparing the recoverable amount of the mining right to its carrying amount as at 30 September 2014. The mining right has been fully impaired in the year ended 31 March 2013. In the opinion of the Directors, no impairment loss would be reversed for the period ended 30 September 2014. The valuation was by reference to the valuation report issued by LCH (Asia-Pacific) Surveyor Limited, independently qualified professional valuer. Impairment loss recognised during the year ended 31 March 2013 is due to the change in the government policies affecting the mining area under the right and the related business operations of the Group.

16. TRADE AND BILLS RECEIVABLES

	At 30 September 2014 (unaudited) <i>HK\$'000</i>	At 31 March 2014 (audited) <i>HK\$'000</i>
Trade receivables	31,214	41,730
Less: accumulated impairment	<u>(16,479)</u>	<u>(16,418)</u>
	14,735	25,312
Bills receivable discounted/endorsed with recourse	<u>1,751</u>	<u>6,481</u>
	<u>16,486</u>	<u>31,793</u>

Payment terms with customers are mainly on credit. Invoices are normally settled within 90 days to 180 days of issuance, except for certain well established customers. The following is an aging analysis of trade receivables, net of impairment losses, and bills receivable discounted/endorsed with recourse at the respective reporting period:

	At 30 September 2014 (unaudited) <i>HK\$'000</i>	At 31 March 2014 (audited) <i>HK\$'000</i>
0 to 90 days	8,902	23,331
91 to 180 days	5,946	4,317
181 to 365 days	1,638	3,526
Over 365 days	<u>–</u>	<u>619</u>
	<u>16,486</u>	<u>31,793</u>

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2014 (unaudited) <i>HK\$'000</i>	At 31 March 2014 (audited) <i>HK\$'000</i>
Amount receivable on disposal of an associate	–	23,012
Deposits paid	447	442
Prepayments	5,067	12,617
Other receivables	5,825	4,407
Deposits paid with financial institutions	8,918	18,739
Prepaid lease payments	119	119
	<u>20,376</u>	<u>59,336</u>
<i>Less: Impairment recognised</i>	<u>(76)</u>	<u>(76)</u>
	<u><u>20,300</u></u>	<u><u>59,260</u></u>

18. TRADE PAYABLES

	At 30 September 2014 (unaudited) <i>HK\$'000</i>	At 31 March 2014 (audited) <i>HK\$'000</i>
Trade payables	<u><u>34,778</u></u>	<u><u>13,660</u></u>

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

	At 30 September 2014 (unaudited) HK\$'000	At 31 March 2014 (audited) HK\$'000
0 to 90 days	30,774	8,500
91 to 180 days	2,075	3,165
181 to 365 days	651	340
Over 365 days	1,278	1,655
	<u>34,778</u>	<u>13,660</u>

The average credit period on purchases is 3 months (31 March 2014: 3 months).

19. OTHER PAYABLES AND ACCRUALS

	At 30 September 2014 (unaudited) HK\$'000	At 31 March 2014 (audited) HK\$'000
Value-added tax payables	456	840
Deposits received	9,903	–
Land value added tax payable	97,187	–
Accruals	1,526	1,440
Other payables	2,386	5,768
	<u>111,458</u>	<u>8,048</u>

20. SHARE CAPITAL

	<i>Number of shares '000</i>	<i>HK\$'000</i>
Authorised:		
Ordinary share of HK\$0.25 each		
At 1 April 2014 (audited)	2,000,000	500,000
Increase of authorised capital (<i>note (j)</i>)	<u>8,000,000</u>	<u>2,000,000</u>
Ordinary share of HK\$0.25 each		
At 30 September 2014 (unaudited)	<u><u>10,000,000</u></u>	<u><u>2,500,000</u></u>
Issued and fully paid:		
Ordinary share of HK\$0.25 each		
At 1 April 2014 (audited)	1,578,714	394,679
Conversion of convertible notes (<i>note (a) to (i)</i>)	<u>184,149</u>	<u>46,037</u>
Ordinary share of HK\$0.25 each		
At 30 September 2014 (unaudited)	<u><u>1,762,863</u></u>	<u><u>440,716</u></u>

Notes:

- (a) On 5 June 2014, the holders of the convertible notes converted convertible notes of HK\$12,852,250 into 36,720,715 ordinary shares with par value of HK\$0.25 each at a conversion price of HK\$0.35.
- (b) On 10 June 2014, the holders of the convertible notes converted convertible notes of HK\$4,550,000 into 13,000,000 ordinary shares with par value of HK\$0.25 each at a conversion price of HK\$0.35.
- (c) On 13 June 2014, the holders of the convertible notes converted convertible notes of HK\$4,999,750 into 14,285,000 ordinary shares with par value of HK\$0.25 each at a conversion price of HK\$0.35.
- (d) On 20 June 2014, the holders of the convertible notes converted convertible notes of HK\$17,500,000 into 50,000,000 ordinary shares with par value of HK\$0.25 each at a conversion price of HK\$0.35.
- (e) On 27 June 2014, the holders of the convertible notes converted convertible notes of HK\$3,500,000 into 10,000,000 ordinary shares with par value of HK\$0.25 each at a conversion price of HK\$0.35.

- (f) On 11 July 2014, the holders of the convertible notes converted convertible notes of HK\$2,500,000 into 7,142,857 ordinary shares with par value of HK\$0.25 each at a conversion price of HK\$0.35.
- (g) On 17 July 2014, the holders of the convertible notes converted convertible notes of HK\$4,550,000 into 13,000,000 ordinary shares with par value of HK\$0.25 each at a conversion price of HK\$0.35.
- (h) On 29 August 2014, the holders of the convertible notes converted convertible notes of HK\$5,250,000 into 15,000,000 ordinary shares with par value of HK\$0.25 each at a conversion price of HK\$0.35.
- (i) On 16 September 2014, the holders of the convertible notes converted convertible notes of HK\$8,750,000 into 25,000,000 ordinary shares with par value of HK\$0.25 each at a conversion price of HK\$0.35.
- (j) On 25 September 2014, an ordinary resolution was duly passed by the shareholders at a special general meeting of the Company, approving, inter alia, the increase of authorized share capital of the Company from HK\$500,000,000 divided into 2,000,000,000 shares of HK\$0.25 each (the “Shares”) to HK\$2,500,000,000 divided into 10,000,000,000 Shares by the creation of an additional 8,000,000,000 new Shares ranking pari-passu with the existing shares of the Company.

21. BANK BORROWINGS

	At 30 September 2014 (unaudited) HK\$'000	At 31 March 2014 (audited) HK\$'000
Bank borrowings		
– secured	<u>60,660</u>	<u>60,438</u>
The borrowings are repayable as follows:		
Within one year	60,660	60,438
In the second to fifth years	<u>–</u>	<u>–</u>
	60,660	60,438
<i>Less:</i> Amount due for settlement within 12 months (shown under current liabilities)	<u>(60,660)</u>	<u>(60,438)</u>
Amount due for settlement after 12 months	<u>–</u>	<u>–</u>
Borrowing at:		
– floating rate	<u>60,660</u>	<u>60,438</u>

The carrying amounts of the Group's bank borrowings are all originally denominated in RMB, which is the functional currency of the group entity.

The contractual floating interest rates in respect of bank borrowings were within the following ranges:

	At 30 September 2014 (unaudited)	At 31 March 2014 (audited)
Bank borrowings	<u><u>6.6%</u></u>	<u><u>6.6%</u></u>

22. CONVERTIBLE NOTES

On 24 October 2013 and 15 November 2013, the Company issued convertible notes due on 24 October 2015 with a principal amount of HK\$185,500,000 and HK\$350,000,000, which is interest free and 5% coupon rate per annum respectively. The convertible notes were issued for raising equity capital for the future development. The convertible notes are designated as FVTPL 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\$0.35. The effective Interest rate are ranging from 14.25% to 15.78%. The convertible notes are not redeemable by the note holder(s) or the Company. The principal amount of convertible notes outstanding was HK\$12,998,000 as at 30 September 2014.

The convertible bonds recognised in the statement of financial position were calculation as follows:

	<i>HK\$'000</i>
Equity component	
At 1 April 2014 (audited)	48,238
Converted into shares during the period	<u>(43,125)</u>
At 30 September 2014 (unaudited)	<u><u>5,113</u></u>
	<i>HK\$'000</i>
Liability component	
At 1 April 2014 (audited)	4,837
Interest expense (<i>note 8</i>)	287
Interest paid	(1,232)
Converted into shares during the period	<u>(3,469)</u>
At 30 September 2014 (unaudited)	<u><u>423</u></u>

The fair value of the convertible notes Issued has been arrived on the basis of a valuation carried out on the date of issue by Peak Vision Appraisal Limited, independently professional valuer not connected with the Group. The effective interest rate ranged from 16.58% to 16.67% (2013: 12.37% to 12.50%).

23. SHARE OPTIONS

On 12 July 2011, the Company had granted 140,500,000 share options to directors, employees and other affiliates under the share option scheme adopted by the Company on 14 January 2002 (the “2002 Share Option Scheme”). The total number of share options of 140,500,000 was adjusted to 5,620,000 share options upon completion of the Capital Reorganisation on 3 June 2013.

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.

On 26 August 2014, the Company had granted 15,500,000 share options to directors and employees under the 2011 Share Option Scheme.

At 30 September 2014, (i) the number of shares in respect of which share options remained outstanding under the 2002 Share Option Scheme was 3,500,000, representing 0.20% of the shares of the Company in issue at that date; and (ii) the number of shares in respect of which share options remained outstanding under the 2011 Share Option Scheme was 15,500,000 representing 0.88% of the shares of the Company in issue at that date.

Details of specific categories of options are as follows:

2002 Share Option Scheme:

	Date of grant	Exercisable period	Adjusted exercise price per share	Fair value at grant date	Adjusted closing price of the Company's share at grant date	Outstanding at 1 April 2014 (audited)	Number of share options				Outstanding at 30 September 2014 (unaudited)
							Granted during the period (unaudited)	Exercised during the period (unaudited)	Lapsed during the period (unaudited)	Cancelled during the period (unaudited)	
			HK\$	HK\$	HK\$						
Category 1: Directors	12 July 2011	12 July 2011 – 11 July 2021	1.775	0.0578	1.775	2,620,000	-	-	-	-	2,620,000
Category 2: Employees	12 July 2011	12 July 2011 – 11 July 2021	1.775	0.0578	1.775	880,000	-	-	-	-	880,000
Category 3: Other affiliates	12 July 2011	12 July 2011 – 11 July 2021	1.775	0.0578	1.775	80,000	-	-	(80,000)	-	-
Total for all categories						<u>3,580,000</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>	<u>3,500,000</u>

2011 Share Option Scheme:

	Date of grant	Exercisable period	Exercise price per share	Fair value at grant date	Closing price of the Company's share at grant date	Number of share options					Outstanding at 30 September 2014 (unaudited)
						Outstanding at 1 April 2014 (audited)	Granted during the period (unaudited)	Exercised during the period (unaudited)	Lapsed during the period (unaudited)	Cancelled during the period (unaudited)	
			<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>						
Category 1: Directors	26 August 2014	26 August 2014 – 25 August 2024	0.352	0.262	0.345	-	12,200,000	-	-	-	12,200,000
Category 2: Employees	26 August 2014	26 August 2014 – 25 August 2024	0.352	0.262	0.345	-	3,300,000	-	-	-	3,300,000
						<u>-</u>	<u>15,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,500,000</u>

24. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

For the six months ended 30 September 2014, the turnover of the Group mainly generated from its pharmaceutical operation, amounting to approximately HK\$29.6 million (2013: approximately HK\$56.0 million), representing a decrease of approximately 47.1% as compared to the corresponding period last year.

Correspondingly, the gross profit of the Group for the six months ended 30 September 2014 dropped to approximately HK\$4.3 million (2013: approximately HK\$7.8 million). Gross profit margin increased to approximately 14.5% (2013: approximately 14.0%) as compared to the same period last year.

For the six months ended 30 September 2014, the net loss attributable to owners of the Company, amounted to approximately HK\$47 million (2013: net loss of approximately HK\$36.1 million). Despite there was a gain of approximately HK\$93.1 million on the negative goodwill arising from the acquisition of a company with land use rights of land located in Dalian City, the People's Republic of China completed in June 2014, there still recorded an increase in net loss. The increase was mainly due to (i) the increase in loss of the Pharmaceutical business; and (ii) a substantial decrease in fair value of the exclusive right owned by PT. Dampar Golden International, (an indirect non-wholly owned company of the Group incorporated in Indonesia which was granted an exclusive right to manage the site of an iron ore mine in Indonesia, and to refine and sell iron sand exploited from the Mine) ("PT. Dampar") of approximately HK\$167.9 million in accordance with the valuation report of an Independent Valuer.

Basic and diluted loss per share for the six months ended 30 September 2014 was HK\$0.03 (six months ended 30 September 2013: basic and diluted loss per share of HK\$0.16).

Pharmaceutical Operation

For the period under review, the turnover contributed from the Pharmaceutical Operation decreased by approximately 44.1% to approximately HK\$28.1 million (2013: approximately HK\$50.2 million). The decrease in turnover is mainly due to the intensified competition in intravenous fluids market. Under these circumstances, the profit margin of the business had been further narrowed.

During the period, the management had temporarily suspended the factory production in June 2014 in order to clear the overstock after considering the weak market conditions, the unsatisfactory selling price and the low turnover of the inventory.

As a result, this segment recorded a loss of approximately HK\$16.2 million as compared to a loss of approximately HK\$6.8 million in the same period last year.

Although the market conditions continue to be difficult in 2014, the company has recently implemented more tightened cost control by reducing the staff cost and tendering lower raw material cost; however, having considered the recent market conditions with the recent trend of recovery of the price level of the intravenous fluids, the production plant has resumed operation again since 4 October 2014. The management will closely monitor the performance of the factory and will take necessary strategic actions as and when it is necessary.

In light of the uncertain outlook for 2015, the Company is still in the course of re-considering the overall operating strategy for the Pharmaceutical business. These include but not limited to the following possible approaches: (1) strengthen operation management by recruiting expertise/consultant; (2) looking for a strategic partner with an understanding of the industry and the local business environment who would be able to play an active role in the continuous reshaping and improvement of Siping's strategy direction; and (3) disposing of the Pharmaceutical business.

Iron Ore Mining Operation

For the period under review, no turnover was recorded from the Iron Ore Mining Operation segment (2013: HK\$5.8 million). This was mainly due to the export of iron sand from Indonesia has been brought to a halt following the introduction of the Indonesia mining regulation, the Ministerial Regulation No. 1/2014 on 12 January 2014.

Overall speaking, the Iron Ore Mining Operation segment recorded a loss of approximately HK\$21.3 million for the period ended 30 September 2014 (2013: approximately HK\$2.9 million). The increase in loss was mainly due to the amortisation of the exclusive right owned by PT. Dampar.

Mongolia Iron Mine

For the business of Mongolia Iron Mine, due to the environmental issues disclosed previously, the iron mining activities in Mongolia continued to be suspended in order to minimize expenses being incurred. The Company still have the intention to dispose the Mongolia Mine to potential risk-taking investors should such opportunity arises.

Indonesia Mine Business

Whereas, for the iron sand trading business in Indonesia, during the period under review, the export of iron sand from Indonesia has been brought to a halt as the purity level of the iron sand did not meet the minimum requirement under the Indonesia mining regulation, the Ministerial Regulation No. 1/2014 promulgated by the Indonesian Government which came into effect on 12 January 2014. PT. Dampar, the indirect non wholly-owned subsidiary of the Group, continues to maintain a skeleton crew to maintain the functions of the 8 production lines. As and when the factory for the production of Direct Reduction Iron (“DRI”) being built by PT. Asia Resources Sejahtera (“ARS”), another indirect non wholly-owned subsidiary in Indonesia, is ready to commence production, PT. Dampar shall re-commence its iron sand production to supply ARS. As disclosed in the announcement dated 10 October 2014, ARS’s application for relevant licenses to build and operate the DRI factory, to increase the iron content (“%Fe”) of the iron sand from 54%Fe to more than 75%Fe, is being delayed due to the recent Indonesian election and change of Government. At present the management is unable to ascertain an exact date as to when the DRI factory will be completed and operational, although the management is hoping that the DRI factory will be ready after the third quarter of 2015.

PROPERTY INVESTMENTS

Hangzhou Properties

Since obtaining ownership of two properties in Hangzhou, PRC on 22 January 2014, the management of the Company has decided to run a patisserie coffee shop and build an indoor recreation playground in the vicinity of the properties to enhance their value. During the reporting period, renovation works for both have been completed. All necessary permits concerning the indoor recreation playground had been received. The playground was first opened for business on 23 April 2014. The playground has been popular for the local residence, and children from afar have also visited and used the playground. The management hopes to increase the number of visitors by making strategic alliance with local kindergartens and pre-nurseries by giving discounts or rebates.

The necessary permits concerning the coffee shop have been obtained and capital injection to our PRC subsidiary running the coffee shop had been completed in late July 2014. The official opening of the coffee shop was made on 15 August 2014. The shop opens every day and sells coffees, teas, home-made bread and patisserie. Recently ice-cream desserts have been introduced for dine-in customers as well as a small selection of pizzas which are available for local delivery.

As the two businesses are located within the confine of a residential estate, walk-in customers from outside of the estate are not that common. The management hopes that it will be able to negotiate with the building management to allow the erection of advertising signs which will attract additional customers passing the estate.

Since the commencement of the playground and coffee shop business on 23 April 2014 and 15 August 2014 respectively, turnover generated from the division was HK\$0.24 million (2013 HK\$Nil). These businesses sustained a loss of approximately HK\$1.5 million (2013: HK\$Nil) for the period under review mainly due to the start-up costs. The operation of the playground and coffee shop are ramping up and the management expect the loss can be narrowed in the second half of the financial year.

Dalian Properties

On 11 March 2014, the Group has entered into a conditional sale and purchase agreement to acquire the entire issued share capital in Utmost Creation Holdings Limited (“Utmost”). The main asset of Utmost is the entire equity interest in a China subsidiary, Dalian Chuanghe Landmark Co. Ltd.* (大連創和置地有限公司) (“Dalian Chuanghe”), the major asset of Dalian Chuanghe currently consists of the land use rights of two parcels of adjoining land located in Beibu District, Jinshitan, Jinzhou New District, Dalian City, the PRC* (大連金州新區金石灘北部區), with a total area of approximately 111,642 square metres. The acquisition was completed on 13 June 2014.

Since completion of the acquisition, Dalian Chuanghe continues engaging in the development of urban land for residential purpose in the real estate sector and as planned to develop 55 buildings on the said Land with 21 buildings in the first phase (“Phase I”) and 34 buildings in the second phase (“Phase II”)

Currently, Phase I is still under development. The name of the property under development is “Xin Tian Jia Yuan* (心田佳苑)”, located at Ziteng West Street, Dalian Economic and Technological Development Zone* (大連經濟技術開發區). In April 2014, the pre-sale permit for Phase I with a saleable area of 42,541.50 square metres had been obtained. As at 30 September 2014, Dalian Chuanghe had completed about 74% of the construction of Phase I. Originally Phase I was expected to be completed in October 2014. However, as the current market environment is not promising, it is unable to meet its expected schedule. Moreover, the sales market is unstable, in order to reduce construction costs, and the progress of the project has been slowed down. As such, completion of Phase I project is expected to be temporarily extended to April 2015. Dalian Chuanghe will adjust the construction progress at a later stage according to market changes. Up to 30 September 2014, Dalian Chuang achieved contracted sales of approximately RMB16 million (of which pre-sale deposits of approximately RMB8.5 million were received), and contracted gross saleable area of approximately 3,026 square metres.

Regarding Phase II, which was planned to construct with a total of 34 buildings with estimated saleable area of 69,000 square metres, the expected commencement date and completion date of construction have also been postponed to May 2015 and March 2017 respectively.

During the period under review, turnover from this segment was HK\$Nil, and recorded a loss of approximately HK\$3.4 million which was mainly comprised of administrative and operation expenses.

Yantian Properties

On 24 June 2014, the Group entered into an agreement, to purchase the property at a consideration of approximately RMB100 million (equivalent to approximately HK\$126 million).

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

As at 30 September 2014, the Group had totally paid refundable deposit of RMB90 million in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of RMB10 million shall be paid within 30 days from the date of Completion.

It is expected that the Purchaser will obtain physical possession of the Property on or before 30 March 2015 (or another date that is mutually agreed by the Vendor and the Purchaser) on which the relevant occupation permits will be issued. Completion of the acquisition is expected to be on or before 31 October 2015 (or another date that is mutually agreed by the Vendor and the Purchaser) on which the building ownership certificates will be issued in our favour.

It is the strategy of the Group to diversify into the real estate sector in the PRC. In line with this strategy, the Group acquires the Property both for investment and for the establishment of head office of the Group in the PRC. The investment in the Property would diversify the Group's revenue into real estate sector, and with the possible establishment of head office of the Group in the PRC, it will allow the Group to get closer to the local market and to obtain market information instantly.

SECURITIES TRADING

Apart from the aforesaid operations, the Group has enlarged its securities trading portfolio in the reporting period. For the period under review, the trading of securities has generated a net gain of HK\$1.3 million (2013: approximately HK\$0.062 million) and received dividend income of HK\$0.37 million (2013: HK\$0.56 million).

INTERIM DIVIDEND

The Board of directors has resolved not to declare an interim dividend for the six months ended 30 September 2014 (2013: HK\$Nil).

CAPITAL STRUCTURE

Shareholders' equity decreased to approximately HK\$785,065,000 as at 30 September 2014 from approximately HK\$821,320,000 as at 31 March 2014. As at 30 September 2014, the short term and long term interest bearing debts to shareholders' equity was approximately 7.73% (at 31 March 2014: approximately 7.7%).

MATERIAL ACQUISITION AND DISPOSAL

- (1) On 11 March 2014, King Lotus Limited, a wholly-owned subsidiary of the Company as purchaser (the “Purchaser”) and Rosy Yield Holdings Limited, an independent third party as vendor (the “Vendor”) and Mr. Ma Chun Ming as guarantor (the “Guarantor”) entered into a conditional agreement, pursuant to which the Purchaser would acquire 100% interest in Utmost Creation Holdings Limited (the “Target Company”) and (i) the aggregate loans consisting of the aggregate amounts due from Dalian Chuanghe Landmark Co. Ltd.* (大連創和置地有限公司) to the Guarantor (or his nominee); and (ii) the amount due from the Target Company to the Vendor at a total consideration of HK\$450,000,000. Details refer to the announcement of the Company dated 11 March 2014 and the circular dated 26 May 2014.

The acquisition was completed on 13 June 2014.

- (2) On 24 June 2014, Shengyi Information Consulting (Shenzhen) Co., Ltd.* (晟奕信息諮詢(深圳)有限公司), an indirectly wholly-owned subsidiary of the Company as purchaser and ISH Yanbao Logistics (Shenzhen) Co., Ltd.* (綜合信興鹽保物流(深圳)有限公司), an independent third party as vendor entered into an Agreement, to purchase the property representing 46 units of Kingma Information Logistic Park which is situated at Depot No. 2, 3rd Road and Shenyang Road Intersect, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC* (中國深圳市鹽田區鹽田保稅區物流園內三號路與深鹽路交匯處二號堆場) with a total saleable area of approximately 8,699 square metres at a consideration of RMB100 million (equivalent to approximately HK\$126 million).

As at 30 September 2014, the Group had totally paid refundable deposit of RMB90 million in accordance with the terms of payment stated in the sales and purchase agreement. The remaining balance of the consideration of RMB10 million shall be paid within 30 days from the date of Completion.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2014, the Group had total assets of approximately HK\$1,050,143,000 (at 31 March 2014: approximately HK\$1,007,677,000) which was financed by current liabilities of approximately HK\$207,417,000 (at 31 March 2014: approximately HK\$85,689,000), non-current liabilities of approximately HK\$46,747,000 (at 31 March 2014: approximately HK\$4,837,000), non-controlling interests of approximately HK\$10,914,000 (at 31 March 2014: HK\$95,831,000) and shareholders' equity of HK\$785,065,000 (at 31 March 2014: approximately HK\$821,320,000).

As at 30 September 2014, the Group's current ratio was approximately 3.8 (at 31 March 2014: approximately 6.18); and gearing ratio, representing the total of bank borrowings and the short-term interest bearing borrowings divided by the shareholders' equity, was approximately 7.73% (at 31 March 2014: approximately 7.7%). The total outstanding borrowings of the Group as at 30 September 2014 were denominated in Renminbi, of which 100% borrowings was interest-bearing with variable rates (at 31 March 2014: approximately 95.2% borrowings was interest-bearing with variable rates, while interest of the remaining balances was calculated on fixed interest rates).

As at 30 September 2014, the Group had pledged certain of its buildings with aggregate carrying amount of approximately HK\$24,215,000 (at 31 March 2014: approximately HK\$25,307,000), plant and machinery amounting to approximately HK\$15,681,000 (at 31 March 2014: approximately HK\$21,245,000), and land use rights amount of approximately HK\$3,954,000 (at 31 March 2014: approximately HK\$3,999,000) to certain bank to secure credit facilities granted to the Group.

As at 30 September 2014, except for the capital commitment amounting to approximately HK\$16,039,000, the Group had no other material capital commitment and contingent liabilities.

LITIGATION

With regards to the previously announced proceedings HCA 1265/2011 against the Company's subsidiary, Infinite Nature Limited, details of which was disclosed in the Company's Announcement dated 19 September 2011. 2nd Case Management Conference of this action was heard on 3 April 2014 and adjourned to 23 October 2014 for hearing of the 3rd Case Management Conference. 3rd Case Management Conference on 23 October 2014 was vacated pending the compliance with the order for security for costs against the claimant who paid the same on 11 November 2014. The 3rd Case Management Conference has not been restored by the claimant for the time being.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2014, the Group has approximately 421 employees in Hong Kong, Mongolia, Indonesia and the PRC. Remuneration packages are generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits and sponsored employees in different training and continuous education programs.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the six months ended 30 September 2014.

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 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the period under review, except that:

Under the code provision A.2.1, the roles of chairman and chief executive officer (“CEO”) of the Group should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Group should be clearly established and set out in writing. The roles of the chairman and the CEO of the Group was not separated and was performed by the same individual, Mr. Chim Kim Lun, Ricky acted as both the chairman and CEO throughout the period under review. The directors meet regularly to consider major matters affecting the operations of the Group. As such, the directors consider that this structure will not impair the balance of power and authority between the directors and the management of the Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry of all directors, that they have fully complied with the required standards set out in the Model Code throughout the six months ended 30 September 2014.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting standards and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2014.

PUBLICATION OF OTHER FINANCIAL INFORMATION

Other financial information containing all the information required by Appendix 16 of the Listing Rules will be available on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under “Latest Listed Companies Information” and the Company’s websites on www.asiaresources899.com and www.aplushk.com/clients/0899asiaresources in due course.

By Order of the Board
Asia Resources Holdings Limited
Chim Kim Lun, Ricky
Chairman

Hong Kong, 27 November 2014

As at the date of this announcement, the Board consists of five executive Directors, Mr. Chim Kim Lun, Ricky, Mr. Cheung Kai Kwong, Mr. Yeung Yiu Bong, Anthony, Mr. Lu Jianling and Mr. Lin Chengdong; one non-executive Director, Mr. Tong Leung Sang; and three independent non-executive Directors, Mr. Zhang Xianlin, Mr. Lum Pak Sum and Mr. Kwok Hong Yee, Jesse.