



# IR RESOURCES LIMITED

*(Incorporated in Bermuda with limited liability)*  
*(formerly known as China Asean Resources Limited)*  
**(Stock Code: 8186)**

**2015** Interim Report





## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the board (the “Board”) of the directors (the “Directors”) of IR Resources Limited (formerly known as China Asean Resources Limited) (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and beliefs: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## INTERIM RESULTS (UNAUDITED)

The Board would like to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for each of the three months and the six months ended 30 June 2015, together with the comparative unaudited figures for the corresponding periods in 2014, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>CONTINUING OPERATIONS</b>					
Revenue	2	—	—	—	—
Cost of sales		—	—	—	—
Gross profit		—	—	—	—
Other income and gains	4	—	71	583	267
Selling and distribution costs		—	—	—	—
Administrative expenses		(2,137)	(2,749)	(5,786)	(6,597)
Finance costs		(6,520)	(6,424)	(12,924)	(12,698)
Impairment loss on biological assets		—	—	—	(481)
<b>Loss before tax</b>	5	<b>(8,657)</b>	<b>(9,102)</b>	<b>(18,126)</b>	<b>(19,509)</b>
Income tax expenses	6	—	—	—	—
<b>LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(8,657)</b>	<b>(9,102)</b>	<b>(18,126)</b>	<b>(19,509)</b>
<b>DISCONTINUED OPERATION</b>					
Share of losses of associates		(2)	—	(3)	—
<b>LOSS FOR THE PERIOD</b>		<b>(8,659)</b>	<b>(9,102)</b>	<b>(18,129)</b>	<b>(19,509)</b>



	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Loss attributable to:</b>					
Equity holders of the Company		(8,659)	(9,102)	(18,129)	(19,509)
Non-controlling interests		—	—	—	—
		<b>(8,659)</b>	<b>(9,102)</b>	<b>(18,129)</b>	<b>(19,509)</b>
		<b>2015 HK Cents</b>	<b>2014 HK Cents</b>	<b>2015 HK Cents</b>	<b>2014 HK Cents</b>
<b>Basic loss per share</b>					
For loss for the period	7	(0.33)	(0.35)	(0.69)	(0.74)
For loss from continuing operations		(0.33)	(0.35)	(0.69)	(0.74)
<b>Diluted loss per share</b>					
For loss for the period		(0.33)	(0.35)	(0.69)	(0.74)
For loss from continuing operations		(0.33)	(0.35)	(0.69)	(0.74)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
<b>LOSS FOR THE PERIOD</b>	<b>(8,659)</b>	(9,102)	<b>(18,129)</b>	(19,509)
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
Exchange differences on translation of foreign operations	40	(68)	273	(1,230)
Less: Income tax effect	—	—	—	—
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>40</b>	(68)	<b>273</b>	(1,230)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(8,618)</b>	(9,170)	<b>(17,856)</b>	(20,739)
<b>Attributable to:</b>				
Equity holders of the Company	<b>(8,618)</b>	(9,170)	<b>(17,856)</b>	(20,739)
Non-controlling interests	—	—	—	—
	<b>(8,618)</b>	(9,170)	<b>(17,856)</b>	(20,739)



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>At 30 June 2015 HK\$'000 (Unaudited)</b>	At 31 December 2014 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	16,095	17,422
Biological assets		—	—
Intangible assets	9	307,164	307,164
Goodwill		—	—
Interest in an associates		3,161	2,889
<b>Total non-current assets</b>		<b>326,420</b>	327,475
<b>Current assets</b>			
Inventories		—	—
Trade receivables	10	—	—
Prepayments, deposits and other receivables		10,327	10,545
Cash and bank balances		2,428	2,288
<b>Total current assets</b>		<b>12,755</b>	12,833
<b>Current liabilities</b>			
Other loans, other payables and accruals	11	143,097	126,377
<b>Total current liabilities</b>		<b>143,097</b>	126,377
<b>Net Current liabilities</b>		<b>(130,342)</b>	(113,544)
<b>Net assets</b>		<b>196,078</b>	213,931
<b>EQUITY</b>			
Issued capital	12	131,198	131,198
Reserves		64,883	82,736
<b>Total equity attributable to:</b>			
Equity holders of the Company		196,081	213,934
Non-controlling interests		(3)	(3)
<b>Total equity</b>		<b>196,078</b>	213,931

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to equity holders of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2014 (audited)	131,198	972,987	5,265	1,579	(179)	(854,871)	255,979	(3)	255,976
Laqpe of share option	—	—	—	(1,579)	—	1,579	—	—	—
Loss for the period	—	—	—	—	—	(19,509)	(19,509)	—	(19,509)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	(1,230)	—	(1,230)	—	(1,230)
Total comprehensive income for the period	—	—	—	—	(1,230)	(19,509)	(20,739)	—	(20,739)
At 30 June 2014 (unaudited)	131,198	972,987	5,265	—	(1,409)	(872,801)	235,240	(3)	235,237
At 1 January 2015 (audited)	131,198	972,987	5,265	—	(559)	(894,957)	213,934	(3)	213,931
Loss for the period	—	—	—	—	—	(18,129)	(18,129)	—	(18,129)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	273	—	273	—	273
Total comprehensive income for the period	—	—	—	—	273	(18,129)	(17,856)	—	(17,856)
At 30 June 2015 (unaudited)	131,198	972,987	5,265	—	(286)	(913,086)	196,078	(3)	196,075



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	140	(744)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	—	(481)
NET CASH FLOWS FROM FINANCING ACTIVITIES	—	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	140	(1,225)
Cash and cash equivalents at beginning of the period	2,288	3,280
Effect of foreign exchange rate changes	—	—
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,428	2,055
Analysis of cash and cash equivalents		
Cash and bank balances	2,428	2,055





## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Rules”) and with Hong Kong Accounting Standard 34 (HKAS 34), Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2014 annual consolidated financial statements.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRSs”); Hong Kong Accounting Standards (“HKASs”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s consolidated financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs will have a material impact on its results of operations and financial position.

As at 30 June 2015, the Group had cash and bank balances of approximately HK\$2.4 million and recorded net current liabilities of approximately HK\$130.3 million. The Directors of the Company are of the opinion that the Group would be able to continue as a going concern and to meet in full their financial obligations as the Directors considered the following factors:

(a) **Attainment of profitable operations and improvement of operating cash flows**

(i) ***Forestry and agricultural segment***

- (1) In July 2015, the Company entered into a subscription agreement as supplemented by a supplemental agreement dated 30 September 2015 (collectively, the “Subscription Agreements”) with six subscribers (the “Subscribers”), who are independent third parties and have substantial experience in the timber industry with sales network. The relevant Subscribers (the “Timber Logging Subscribers”) will collaborate with a team of experienced personnel to establish an operating management team to revitalise the timber logging activities of the Group. Pursuant to the Subscription Agreements, (a) the Company will undergo an internal restructuring (the “Restructuring”); (b) the Timber Logging Subscribers will enter into working capital loan agreements with the Company, pursuant to which, the Timber Logging Subscribers will in aggregate provide an working capital loan up to HK\$51,750,000 for the carrying out of the



timber logging activities; and (c) the Timber Logging Subscribers have guaranteed that for the six-month period immediately after completion of the Subscription Agreements, the six-month period commencing on the seventh month after completion of the Subscription Agreements and the twelve-month period commencing on the thirteen month after completion of the Subscription Agreements, revenue derived from the timber logging activities will not be less than HK\$50,000,000, HK\$50,000,000 and HK\$100,000,000, respectively; and

- (2) In November 2015, the Group entered into a cooperation agreement (the “Plantation Cooperation Agreement”) with an experienced plantation operator (the “Plantation Partner”), which has substantial experience in the business of plantation and has operations in Southeast Asia. Pursuant to the Plantation Cooperation Agreement, the Plantation Partner will engage in the plantation business of the Group and, together with the relevant Subscribers (the “Plantation Subscribers”), will provide funding to carry out the plantation business of the three forests and will undertake that the annual plantation volume of each of the three forests will be no less than those required by the local registration under the investment contracts. In addition, the Plantation Partner and the Plantation Subscribers will compensate the Company any penalty imposed by the Cambodian government for reasons that the annual plantation volume cannot be met.

*(ii) Disposal of associates*

The Group had disposed of its loss-making associates (the “Associates”) which is engaged in the processing and distribution of basic goods for a cash consideration of HK\$2,500,000 in August 2015.

**(b) Loan facilities**

In November 2014, the Company entered into a loan facility agreement with its related company (“RC”, with a director of the Company was also a sole director and sole shareholder of RC who (i) resigned as a sole director of RC; and (ii) disposed of all equity interests in RC on 14 November 2014. RC ceased to be a related company of the Company since then) for a loan amount up to HK\$25,000,000 (the “RC Loan”). As 30 June 2015, the Group had withdrawn approximately HK\$8,600,000 (note 11). The lender has agreed not to demand for repayment until the completion of the fund raising exercise after the shares of the Company have been resumed for trading and the Company is in a position to do so.

**(c) Rights issue**

On 24 February 2016, the Company entered into an underwriting agreement with an underwriter to raise fund of approximately HK\$262 million (before expenses) by way of a rights issue (the “Rights Issue”), which, subject to fulfillment of certain conditions precedent pursuant to the underwriting agreement, is expected to be completed in May 2016, for purposes of general working capital and debt repayment.

(d) **Further funding from the Timber Logging Subscribers, the Plantation Partner and Plantation Subscribers**

As mentioned above, the working capital loans provided by the Timber Logging Subscribers and further funding provided by the Plantation Partner and the Plantation Subscribers will be applied to carry out the plantation business of the three forests.

In light of all the measures adopted and arrangements implemented, the Group will have sufficient cash resources to satisfy its future working capital and other financial requirements, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis, notwithstanding the Group's financial and liquidity position as at 30 June 2015. Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2. **REVENUE**

Revenue recognised during the period is analysed as follows:

	<b>Continuing operations</b>			
	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales of wood and agricultural products	—	—	—	—
	—	—	—	—



### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:

- (a) the forestry and agricultural segment is the timber logging, plantation and sales of wood and agricultural products;
- (b) the resources and logistics segment is the provision of resources and logistics business; and
- (c) the basic goods business segment is the processing and distribution of basic goods which had been discontinued during the year ended 31 December 2014.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax from continuing operations. The adjusted loss before tax from continuing operations is measured consistently with the Group's loss before tax from continuing operations except that interest income and finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

## SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 June 2015 (unaudited)

	Continuing operations		Discontinued operation	Total HK\$'000
	Forestry and agricultural segment HK\$'000	Resources and logistics segment HK\$'000	Basic goods business segment HK\$'000	
<b>Segment revenue:</b>				
Sales of wood and agricultural products	—	—	—	—
Sales of coal	—	—	—	—
	—	—	—	—
<b>Segment results</b>	<b>(1,623)</b>	<b>(33)</b>	<b>—</b>	<b>(1,656)</b>
Share of loss of associates	—	—	(3)	(3)
Unallocated expenses				(3,547)
Loss from operations				(5,206)
Finance costs	(12,923)	—	—	(12,923)
Loss before tax				(18,129)
Income tax expense				—
Loss for the period				(18,129)

For the six months ended 30 June 2014 (unaudited)

	Continuing operations		Discontinued operation	Total HK\$'000
	Forestry and agricultural segment HK\$'000	Resources and logistics segment HK\$'000	Basic goods business segment HK\$'000	
<b>Segment revenue:</b>				
Sales of wood and agricultural products	—	—	—	—
Sales of coal	—	—	—	—
	—	—	—	—
<b>Segment results</b>	(4,745)	—	—	(4,745)
Other income and gains				108
Impairment loss on biological assets	(481)	—	—	(481)
Unallocated expenses				(1,693)
Loss from operations				(6,811)
Finance costs	(12,698)	—	—	(12,698)
Loss before tax				(19,509)
Income tax expense				—
Loss for the period				(19,509)

## SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable segment:

30 June 2015 (unaudited)

	Continuing operations		Discontinued operation	Total HK\$'000
	Forestry and agricultural segment HK\$'000	Resources and logistics segment HK\$'000	Basic business segment HK\$'000	
<b>Segment assets</b>	326,675	5,924	3,161	335,760
Unallocated assets				3,415
<b>Total assets</b>				<b>339,175</b>
<b>Segment liabilities</b>	(113,463)	(5,799)	—	(119,262)
Unallocated liabilities				(23,835)
<b>Total liabilities</b>				<b>(143,097)</b>
<b>Capital expenditure</b>	—	—	—	—
Unallocated capital expenditure				—
<b>Depreciation and amortisation</b>	1,328	—	—	1,328

31 December 2014 (Audited)

	Continuing operations		Discontinued operation	Total <i>HK\$'000</i>
	Forestry and agricultural segment <i>HK\$'000</i>	Resources and logistics segment <i>HK\$'000</i>	Basic business segment <i>HK\$'000</i>	
<b>Segment assets</b>	329,054	5,842	2,889	337,785
Unallocated assets				2,523
<b>Total assets</b>				<b>340,308</b>
<b>Segment liabilities</b>	(101,389)	(5,742)	—	(107,131)
Unallocated liabilities				(19,246)
<b>Total liabilities</b>				<b>(126,377)</b>
<b>Capital expenditure</b>	529	—	—	529
Unallocated capital expenditure				—
				<b>529</b>
<b>Depreciation and amortisation</b>	3,053	—	—	3,053





#### 4. OTHER INCOME AND GAINS

	For the three months ended 30 June		For the six months ended 30 June	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Gain on the deregistration of a subsidiary	—	—	—	32
Others	—	71	583	235
	—	71	583	267

#### 5. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

Loss before tax from continuing operations is arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Finance costs				
Interest on loans	6,520	6,424	12,924	12,698
Staff costs (excluding directors' emoluments)				
Wages and salaries	434	787	838	1,838
Pension scheme contributions	16	7	30	16
Other items				
Auditors' remuneration	250	258	587	516
Depreciation of property, plant and equipment	617	330	1,328	677
Impairment loss on biological assets	—	—	—	481
Minimum lease payments under operating lease: land and buildings	108	198	319	456



## 6. INCOME TAX EXPENSES

### (a) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the three months and the six months ended 30 June 2015 (2014: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the Reporting Period.

### (b) PRC Corporate Income Tax

No provision for the PRC corporate income tax has been made for the subsidiaries of the Company in the People's Republic of China (the "PRC") as they did not generate any assessable profits arising in the PRC for the three months and the six months ended 30 June 2015 (2014: Nil) determined in accordance with the relevant income tax rules and regulations in the PRC.

### (c) Cambodia Corporate Income Tax

No provision for Cambodia corporate income tax has been made for the subsidiaries of the Company in the Kingdom of Cambodia ("Cambodia") as they did not generate any assessable profits arising in Cambodia for the three months and the six months ended 30 June 2015 (2014: Nil) determined in accordance with the relevant tax rules and regulations in Cambodia.

### (d) Deferred Taxation

No provision for deferred taxation is deemed necessary as the Group does not have any material deductible or taxable temporary differences for the three months and the six months ended 30 June 2015 (2014: Nil).

## 7. LOSS PER SHARE

The calculations of the basic and diluted loss per share for the three months and the six months ended 30 June 2015 are based on the loss attributable to equity holders of the Company being HK\$8.7 million (2014: HK\$9.1 million) and HK\$18.1 million (2014: HK\$19.5 million), respectively, divided by the weighted average number of 2,623,950,965 ordinary shares for the three months and the six months ended 30 June 2015 (2014: 2,623,950,965 ordinary shares) in issue during the relevant periods.

No adjustment has been made to the basic loss per share amounts presented for the three months and the six months ended 30 June 2015 and 30 June 2014 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

## 8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

## 9. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

There was no additions to the property, plant and equipment of the Group during the six months ended 2014 and 30 June 2015.

There was no additions to the intangible assets of the Group during the six months ended 30 June 2014 and 2015.

## 10. TRADE RECEIVABLES

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000 (Audited)
Trade debtors	2,001	2,001
Less: Impairment	(2,001)	(2,001)
	—	—

## 11. OTHER LOANS, OTHER PAYABLES AND ACCRUALS

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000 (Audited)
Other payables and accrued liabilities	38,672	39,486
Related parties		
Due to a director	4,727	4,717
KW Loan ( <i>note 14(i)(a)</i> )		
— Principal	46,787	46,787
— Accrued interest	44,142	31,366
RC Loan		
— Principal	8,600	4,000
— Accrued interest	169	21
	104,425	86,891
	143,097	126,377

Note:

- (a) RC further provided the RC Loan to the Group, for the loan amount up to HK\$25,000,000. As at 30 June 2015, the Group had withdrawn approximately HK\$8,600,000 (31 December 2014: HK\$4,000,000). The RC Loan bears interest at 5% per annum and unsecured. During the period ended 30 June 2015, interest accrued on the RC Loan of approximately HK\$148,000 was further recognised in the condensed consolidated statement of profit or loss.



**12. SHARE CAPITAL**

	At 30 June 2015			At 31 December 2014 (Audited)		
	No. of shares '000	Amount per share HK\$	Amount HK\$'000	No. of shares '000	Amount per share HK\$	Amount HK\$'000
Authorised						
At beginning and at the end of the year/ period	4,000,000	0.05	200,000	4,000,000	0.05	200,000
Issued and fully paid						
At beginning and at the end of the year/ period	2,623,951	0.05	131,198	2,623,951	0.05	131,198

**13. OPERATING LEASE COMMITMENTS**

**As lessee**

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms of two years.

At 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000 (Audited)
Within 1 year	184	268
In the second to fifth years, inclusive	—	29
	<b>184</b>	<b>297</b>
Continuing operations	184	297
Discontinued operation	—	—
	<b>184</b>	<b>297</b>

#### 14. RELATED PARTY TRANSACTIONS

- (i) Save as those transactions and balances disclosed elsewhere in the Interim report, the Group had the following material transactions with related parties during the reporting period:

	<b>For the six months ended 30 June</b>	
	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on the KW Loan	—	12,698
	—	12,698

Notes:

- (a) As detailed in note 11, Mr. Zhang Zhenzhong (“Mr Zhang”) would provide 2 loans facilities (the “KW Loan”) in an aggregate principal amount of up to HK\$76,300,000 to Keen Wood Group Limited (“Keen Wood”) which was interest bearing at 5% per annum, secured by 100% of the shares in Forest Glen Group Limited (“Forest Glen”) and China Cambodia Resources Limited (“China Cambodia”). On 31 October 2014, RC (a related party of the Company until 14 November 2014) acquired the KW Loan from Mr. Zhang and, therefore, Mr. Zhang was no longer a creditor of the Group as at 30 June 2015. During the period ended 30 June 2014, interest accrued on the KW Loan of approximately HK\$12,698,000 was further recognised in the condensed consolidated statement of profit or loss which was classified as related party transactions.

The related party transactions were conducted on terms negotiated between the Group and the related parties.

- (ii) Compensation of key management personnel of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Short term employee benefits	727	974
Post-employment benefits	—	—
Equity-settled share option expenses	—	—
Total compensation paid to key management personnel	727	974



## 15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had the following material events:

- (i) As detailed in notes 1(a)(i) and 1(b) to the Interim report, the Company entered into (1) a loan facility of the RC Loan in November 2015; and (2) the Subscription Agreements with the Subscribers in July and September 2015; and (3) the Plantation Agreement with the Plantation Planter in November 2015, for the purpose of the attainment of profitable operations and improvement of operating cash flows of the Group;
- (ii) As detailed in note 1(a)(ii) to the Interim report, the disposal of the Associates was completed in August 2015; and
- (iii) As detailed in note 1(c) to the Interim report, the Company entered into an underwriting agreement with an underwriter subsequent to the end of the reporting period on 24 February 2016 regarding the Rights Issue of approximately HK\$262 million (before expenses). At the date of the Interim report, the Rights Issue was not yet been completed.

## 16. LITIGATIONS

The Group has certain litigations arising from its former landlord and staff regarding the settlement of the accrued salaries, rental and other outstanding balances of approximately HK\$2,480,000. The litigation with the former landlord and the staff have been settled in January 2016 and March 2016. Such amounts have been fully provided in the consolidated financial statements of the Group and did not have further material financial impact of the Group.

## 17. FAIR VALUE AND FAIR VALUE HIERARCHY

Management has assessed that the fair values of cash and bank balances, the current portion of trade receivables and financial assets included in deposits and other receivables, financial liabilities included in other loans, other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### Fair value hierarchy

The Group did not have any financial instrument which are measured in fair value as at the end of the reporting period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL AND BUSINESS REVIEW

The Group is principally engaged in (i) forestry and agricultural business in Cambodia (logging of existing trees from and subsequent plantation of rubber trees or other agricultural produce on the three forests (the “Three Forests”) for which the Group has been granted the exploitation concession right and the subsequent sale of wood and agricultural products); and (ii) resources and logistics business.

The Group did not generate revenue for the six months ended 30 June 2015 (2014: Nil) from sales of wood products and agricultural in Cambodia. During the period, no revenue was generated from the Group’s coal and logistics business.

The consolidated loss attributable to its owners of the Company for the six months ended 30 June 2015 amounted to HK\$18.1 million (2014: HK\$19.5 million).

The basic and diluted loss per share for the six months ended 30 June 2015 was HK0.69 cents (2014: HK0.74 cents).

### FINANCIAL RESOURCES, BORROWINGS, BANKING FACILITIES AND LIQUIDITY

During the period ended 30 June 2015, the net cash from operating activities amounted to HK\$0.1 million (2014: net cash used in of HK\$0.7 million) and the net cash used in investing activities amounted to nil (2014: HK\$0.5 million) and net cash inflow from financing activities was nil (2014: nil). As a result of the cumulative effect described above, the Group recorded a net cash inflow of HK\$0.1 million (2014: net cash outflow of HK\$1.2 million).

As at 30 June 2015, the Group had total assets of HK\$339.2 million (31 December 2014: HK\$340.3 million) and total liabilities of HK\$143.1 million (31 December 2014: HK\$126.4 million). The Groups gearing ratio (calculated as percentage of the Group’s total liabilities to total assets) was 42.2% (31 December 2014: 37.1%). As at 30 June 2015, the Group did not have any outstanding bank borrowings (31 December 2014: Nil).

As at 30 June 2015, the Group’s current assets amounted to HK\$12.8 million (31 December 2014: HK\$12.8 million), of which HK\$2.4 million (31 December 2014: HK\$2.3 million) was cash and bank deposits, and current liabilities amounted to HK\$143.1 million (31 December 2014: HK\$126.4 million).



As at 30 June 2015, the net asset value of the Group amounted to HK\$196.1 million (including non-controlling interest) (31 December 2014: HK\$213.9 million) and the net asset value per Share amounted to HK\$0.07 (31 December 2014: HK\$0.08).

## **CAPITAL COMMITMENT**

During the period ended 30 June 2015, the Group did not have any capital commitment.

## **SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS**

During the period, the Group did not make any significant investment and any material acquisition/disposal.

## **CHARGE ON ASSETS OF THE GROUP**

The issued share capital of Forest Glen and China Cambodia were pledged to secure the RC Loan as at 30 June 2015.

## **RISKS**

### **Exposure to Exchange Fluctuation**

The Group mainly operates in Hong Kong, Cambodia and the PRC and is exposed to foreign exchange risk. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary. The Group's business is also subject to a number of risks including the weather conditions, natural hazards and, illegal loggings in the Three Forests and the price movement of the wooden products.

## **CONTINGENT LIABILITIES**

As at 30 June 2015, the Group and the Company did not have any material outstanding contingent liabilities.

## **LITIGATION**

Details of the litigations of the Group are disclosed in note 16 to the Interim report.





## EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period of the Group are disclosed in note 15 to the Interim report.

## SUSPENSION IN TRADING IN THE SHARES

Trading in the shares of the Company has been suspended since April 2013 and will remain suspended pending the fulfillment of the resumption conditions.

## PROSPECTS

Looking forward, the Group will (i) continue to implement strategies to strengthen its forestry and agricultural business and (ii) seize appropriate investment/business in its resources and logistics business as well as debt/equity fund raising opportunities so as to enhance the financial condition of the Group for continuous development.

## EMPLOYEES' INFORMATION AND BENEFIT SCHEMES FOR THE EMPLOYEES

As at 30 June 2015, the Group had 12 (2014: 25) employees. The Group remunerates its employees based on their performance, working experience and the prevailing market condition.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Capacity Interest	Number of Ordinary Shares held	Number of underlying Shares held	Approximate Percentage of shareholding in the Company
Ms. Yu Xiao Min	Beneficial owner	120,000,000	—	4.57%



## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 30 June 2015, no other directors or the chief executive of the Company or their associates had any interests or rights to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company or any of their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, so far as is known to any of the directors or the chief executive of the Company, the following persons (other than a director and the chief executive of the Company as disclosed above) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, who is interested in 10% or more of any class of share capital carrying rights to vote at general meetings of the Company.

Name of shareholders	Capacity of interests	Number of ordinary shares held	Number of underlying shares held	Approximately percentage of shareholding in the Company
China Wah Yan Healthcare Limited and its subsidiaries	Corporate owner	768,698,967	—	29.30%

## INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2015 (2014: Nil).

## DIRECTORS' INTEREST IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted as at 30 June 2015 or during the six months ended 30 June 2015.



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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **COMPETING INTERESTS**

None of the directors, or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules), engaged in any businesses that compete or may compete with the business of the Group or have any other conflicts of interests with the Group for the six months ended 30 June 2015.

## **CORPORATE GOVERNANCE**

During the six months ended 30 June 2015, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules, except for the office of the chief executive officer of the Company is vacated.

The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

## **APPROVAL OF THE INTERIM REPORT 2015**

The audit committee has reviewed the Company's unaudited interim financial report for the six months ended 30 June 2015 and was of the opinion that the preparation of the Interim Results complied with applicable accounting standards, the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board  
**Yu Xiao Min**  
*Chairperson of the Board*

Hong Kong, 24 February 2016