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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 2009

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 2009 together with the comparative figures for the previous corresponding period as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2009

|  |       | For the six months<br>ended 30 September |                      |
|--|-------|--|----------------------|
|  |       | 2009                                     | 2008                 |
|  |       | (unaudited)                              | (unaudited)          |
|  | Notes | HK\$'000                                 | HK\$'000             |
| Revenue                                      | 4     | 69,618                                   | 96,211               |
| Cost of sales                                |       | <u>(40,308)</u>                          | <u>(57,161)</u>      |
| Gross profit                                 |       | 29,310                                   | 39,050               |
| Other revenue                                |       | 1,072                                    | 3,905                |
| Other gains                                  |       | 2,186                                    | 14                   |
| Distribution and selling expenses            |       | (22,123)                                 | (24,329)             |
| Administrative expenses                      |       | (16,244)                                 | (12,859)             |
| Loss on early redemption of promissory notes |       | (20,502)                                 | –                    |
| Finance costs                                | 5     | <u>(10,554)</u>                          | <u>(5,838)</u>       |
| Loss before taxation                         | 6     | (36,855)                                 | (57)                 |
| Income tax expense                           | 7     | <u>(3,306)</u>                           | <u>(700)</u>         |
| Loss for the period                          |       | <u><u>(40,161)</u></u>                   | <u><u>(757)</u></u>  |
| Attributable to:                             |       |  |                      |
| Owners of the Company                        |       | <u><u>(40,161)</u></u>                   | <u><u>(757)</u></u>  |
|  |       | <i>HK cents</i>                          | <i>HK cents</i>      |
| Basic and diluted loss per share             | 8     | <u><u>(2.66)</u></u>                     | <u><u>(0.05)</u></u> |

\* For identification purposes only

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

|   | For the six months ended |                     |
|---|--------------------------|---------------------|
|   | 30 September             |                     |
|   | 2009                     | 2008                |
|   | (unaudited)              | (unaudited)         |
|   | HK\$'000                 | HK\$'000            |
| Loss for the period   | <u>(40,161)</u>          | <u>(757)</u>        |
| Exchange difference on translation of financial statement of foreign operations | <u>147</u>               | <u>4,292</u>        |
| Total comprehensive income for the period                                       | <u><b>(40,014)</b></u>   | <u><b>3,535</b></u> |
| Attributable to:  |                          |                     |
| Owners of the Company   | <u><b>(40,014)</b></u>   | <u><b>3,535</b></u> |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

|  |              | <b>30 September<br/>2009<br/>(unaudited)<br/>HK\$'000</b> | 31 March<br>2009<br>(audited)<br>HK\$'000 |
|--|--------------|---|---|
|  | <i>Notes</i> |   |   |
| Non-current assets   |              |   |   |
| Property, plant and equipment                                | <i>10</i>    | <b>119,247</b>  | 117,232                                   |
| Prepaid lease payments                                       |              | <b>6,082</b>  | 6,185                                     |
| Intangible assets  |              | <b>45</b>   | 65  |
| Mining right   | <i>11</i>    | <b>260,015</b>  | –   |
| Deposits for acquisition of property,<br>plant and equipment |              | <b>12,741</b>   | 10,028                                    |
|  |              | <b>398,130</b>  | 133,510                                   |
| Current assets   |              |   |   |
| Inventories  |              | <b>23,035</b>   | 25,592                                    |
| Trade and bills receivables                                  | <i>12</i>    | <b>64,803</b>   | 64,347                                    |
| Prepayments, deposits and other receivables                  | <i>13</i>    | <b>127,253</b>  | 241,093                                   |
| Financial assets at fair value<br>through profit or loss     |              | <b>444</b>  | 215                                       |
| Pledged bank deposits  |              | –   | 11,338                                    |
| Bank balances and cash                                       |              | <b>14,084</b>   | 23,958                                    |
|  |              | <b>229,619</b>  | 366,543                                   |
| Current liabilities  |              |   |   |
| Trade payables   | <i>14</i>    | <b>16,486</b>   | 15,179                                    |
| Other payables and accruals                                  | <i>15</i>    | <b>13,197</b>   | 16,546                                    |
| Tax liabilities  |              | <b>1,100</b>  | 2,432                                     |
| Bank borrowings  | <i>18</i>    | <b>98,751</b>   | 109,070                                   |
|  |              | <b>129,534</b>  | 143,227                                   |
| Net current assets   |              | <b>100,085</b>  | 223,316                                   |
| Total assets less current liabilities                        |              | <b>498,215</b>  | 356,826                                   |

|  |              | <b>30 September</b> | 31 March        |
|--|--------------|---------------------|-----------------|
|  |              | <b>2009</b>         | 2009            |
|  |              | <b>(unaudited)</b>  | (audited)       |
|  | <i>Notes</i> | <b>HK\$'000</b>     | <b>HK\$'000</b> |
| <b>Capital and reserves</b>                        |              |                     |                 |
| Share capital                                      | <i>16</i>    | <b>84,630</b>       | 70,572          |
| Reserves   |              | <b>314,740</b>      | 280,982         |
|  |              | <hr/>               | <hr/>           |
| Total equity attributable to owners of the Company |              | <b>399,370</b>      | 351,554         |
|  |              | <hr/>               | <hr/>           |
| <b>Non-current liabilities</b>                     |              |                     |                 |
| Promissory notes                                   | <i>17</i>    | <b>86,859</b>       | –               |
| Bank borrowings                                    | <i>18</i>    | <b>9,818</b>        | 5,272           |
| Deferred tax liabilities                           | <i>19</i>    | <b>2,168</b>        | –               |
|  |              | <hr/>               | <hr/>           |
|  |              | <b>98,845</b>       | 5,272           |
|  |              | <hr/>               | <hr/>           |
|  |              | <b>498,215</b>      | 356,826         |
|  |              | <hr/> <hr/>         | <hr/> <hr/>     |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2009 (unaudited)*

|   | Share<br>capital<br><i>HK\$'000</i> | Share<br>premium<br><i>HK\$'000</i> | Special<br>reserve<br><i>HK\$'000</i> | PRC<br>statutory<br>reserve funds<br><i>HK\$'000</i> | Translation<br>reserve<br><i>HK\$'000</i> | Accumulated<br>losses<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|-------------------------------------|-------------------------------------|---------------------------------------|--|---|--|--------------------------|
| At 1 April 2008   | 70,572                              | 497,831                             | 92,926                                | 3,286  | 26,005                                    | (316,672)                                | 373,948                  |
| Total comprehensive income<br>for the period                | –                                   | –                                   | –                                     | –  | 4,292                                     | (757)                                    | 3,535                    |
| At 30 September 2008  | <u>70,572</u>                       | <u>497,831</u>                      | <u>92,926</u>                         | <u>3,286</u>   | <u>30,297</u>                             | <u>(317,429)</u>                         | <u>377,483</u>           |
| At 1 April 2009   | 70,572                              | 497,831                             | 92,926                                | 3,286  | 24,735                                    | (337,796)                                | 351,554                  |
| Total comprehensive income<br>for the period                | –                                   | –                                   | –                                     | –  | 147                                       | (40,161)                                 | (40,014)                 |
| Issue of shares   | 14,058                              | 74,825                              | –                                     | –  | –   | –  | 88,883                   |
| Expenses incurred in connection<br>with the issue of shares | –                                   | (1,053)                             | –                                     | –  | –   | –  | (1,053)                  |
| At 30 September 2009  | <u>84,630</u>                       | <u>571,603</u>                      | <u>92,926</u>                         | <u>3,286</u>   | <u>24,882</u>                             | <u>(377,957)</u>                         | <u>399,370</u>           |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2009

|  | For the six months ended<br>30th September |                 |
|--|--|-----------------|
|  | 2009                                       | 2008            |
|  | (unaudited)                                | (unaudited)     |
|  | <i>HK\$'000</i>                            | <i>HK\$'000</i> |
| Net cash from operating activities                       | <b>42,804</b>                              | 8,195           |
| Net cash (used in)/generated from investing activities   | <b>(1,160)</b>                             | 2,100           |
| Net cash (used in)/generated from financing activities   | <b>(51,286)</b>                            | 21,194          |
|  | <hr/>                                      | <hr/>           |
| Net (decrease)/increase in cash and cash equivalents     | <b>(9,642)</b>                             | 31,489          |
| Cash and cash equivalents at the beginning of the period | <b>23,958</b>                              | 80,239          |
| Effect of foreign exchange rate changes                  | <b>(232)</b>                               | 289             |
|  | <hr/>                                      | <hr/>           |
| Cash and cash equivalents at the end of the period       | <b>14,084</b>                              | 112,017         |
|  | <hr/> <hr/>                                | <hr/> <hr/>     |
| Analysis of the balances of cash and cash equivalents    |  |                 |
| Bank balances and cash                                   | <b>14,084</b>                              | 112,017         |
|  | <hr/> <hr/>                                | <hr/> <hr/>     |

Notes:

## 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 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for buildings and 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 2009, except for the impact of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations described below.

In the current interim period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 April 2009.

|   |   |
|---|---|
| HKFRSs (Amendments)                         | Improvement to HKFRSs   |
| HKAS 1 (Revised)                            | Presentation of Financial Statements  |
| HKAS 23 (Revised)                           | Borrowing Costs   |
| HKAS 32 and 1<br>(Amendments)               | Puttable Financial Instruments and Obligations Arising on Liquidation         |
| HKFRS 1 and HKAS 27<br>(Amendments)         | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| HKFRS 2 (Amendment)                         | Vesting Conditions and Cancellations  |
| HKFRS 7 (Amendment)                         | Improving Disclosures about Financial Instruments                             |
| HKFRS 8                                     | Operating Segments  |
| HK(IFRIC) – Int 9 &<br>HKAS 39 (Amendments) | Embedded Derivatives  |
| HK(IFRIC) – Int 13                          | Customer Loyalty Programmes   |
| HK(IFRIC) – Int 15                          | Agreements for the Construction of Real Estate                                |
| HK(IFRIC) – Int 16                          | Hedges of a Net Investment in a Foreign Operation                             |
| HK(IFRIC) – Int 18                          | Transfer of Assets from Customers   |

The application of HKFRS 8 *Operating Segments* resulted in a redesignation of the Group's reportable segments (*Note 3*), but has had no impact on the reported results or financial position of the Group.

The application of HKAS 1 (Revised) *Presentation of Financial Statements* introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

***Impact of new and revised HKFRSs not yet effective***

|                                |   |
|--------------------------------|---|
| HKFRSs (Amendments)            | Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 <sup>1</sup>                             |
| HKFRSs (Amendments)            | Improvement to HKFRSs issued in 2009 <sup>2</sup>   |
| HKAS 24 (Revised)              | Related Party Disclosures <sup>6</sup>  |
| HKAS 27 (Revised)              | Consolidated and Separate Financial Statements <sup>1</sup>   |
| HKAS 32 (Amendment)            | Classification of Rights Issues <sup>4</sup>  |
| HKAS 39 (Amendment)            | Eligible Hedged Items <sup>1</sup>  |
| HKFRS 1 (Revised)              | First-time Adoption of Hong Kong Financial Reporting Standards <sup>1</sup>                                     |
| HKFRS 1 (Amendment)            | Additional Exemptions for First-time Adopters <sup>3</sup>  |
| HKFRS 2 (Amendment)            | Amendments to HKFRS 2 Group Cash-settled Share-based Payment Transactions <sup>3</sup>                          |
| HKFRS 3 (Revised)              | Business Combinations <sup>1</sup>  |
| HKFRS 9                        | Financial Instruments <sup>5</sup>  |
| HK(IFRIC) – Int 14 (Amendment) | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>6</sup> |
| HK(IFRIC) – Int 17             | Distributions of Non-cash Assets to Owners <sup>1</sup>   |
| HK(IFRIC) – Int 19             | Extinguishing Financial Liabilities with Equity Instruments <sup>5</sup>  |

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2009*

<sup>2</sup> *Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate*

<sup>3</sup> *Effective for annual periods beginning on or after 1 January 2010*

<sup>4</sup> *Effective for annual periods beginning on or after 1 February 2010*

<sup>5</sup> *Effective for annual periods beginning on or after 1 July 2010*

<sup>6</sup> *Effective for annual periods beginning on or after 1 January 2011*

<sup>7</sup> *Effective for annual periods beginning on or after 1 January 2013*

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The management is in the process of making an assessment of the impact of these new standards, amendments and interpretation to existing standards. The directors of the Company so far has concluded that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### ***Mining right***

Mining right is stated at cost less accumulated amortisation and impairment losses. The mining right is amortised using the unit-of-production method based on the total proven and probable mineral reserves, which is reviewed at least at each balance sheet date.

### ***Impairment of mining right***

The Group assesses whether there are any indicators of impairment for mining right at each reporting date. Mining right is tested for impairment when there are indicators that the carrying amount may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

### ***Expected useful lives of mining right and mineral reserves***

The Group's management has determined the estimated useful lives of its mining rights based on the proven and probable mineral reserves. The directors of the Company are of the opinion that the Group will be able to continuously renew the mining right and the business license of respective mining subsidiary at minimal charges. Accordingly, the Group has used the proven and probable mineral reserves as a basis for estimation of the useful life of its mining right.

Amortisation rate is determined based on estimated proven and probable mineral reserve quantities with reference to the independent technical assessment report. The capitalized costs of the mining right are amortised using the unit-of-production method. Any change to the estimated proven and probable mineral reserves will affect the amortisation charge of the mining right.

Proven and probable mineral reserve estimates are updated at regular basis taking into account production and technical information about the mines. In addition, as prices and cost levels change from year to year, the estimate of proven and probable mineral reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in relation to amortization rate.

## **3. SEGMENT INFORMATION**

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performances. In contrast, the predecessor standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risk and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. During the six months ended 30 September 2008 and the year ended 31 March 2009, the Group was not required to present segment information in accordance

to HKAS 14 because the Group was only engaged in manufacture and sales of pharmaceutical products in the PRC and over 90% of the assets were situated in the PRC. The application of HKFRS 8 has not resulted in redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Business segment information is chosen as the primary reporting format because this is more consistent with the Group's internal financial reporting.

The Group's reportable segments under HKFRS 8 are therefore as follows:

- Manufacturing and sales of pharmaceutical products
- Exploration and sales of iron ore – acquired during the six months ended 30 September 2009 (*Note 20*)

**(a) Business segment**

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 operation         |  | Consolidation                          |  |
|--|--|--|--|--|--|--|
|  | 2009<br>(Unaudited)<br><i>HK\$'000</i>             | 2008<br>(Unaudited)<br><i>HK\$'000</i> | 2009<br>(Unaudited)<br><i>HK\$'000</i> | 2008<br>(Unaudited)<br><i>HK\$'000</i> | 2009<br>(Unaudited)<br><i>HK\$'000</i> | 2008<br>(Unaudited)<br><i>HK\$'000</i> |
| <b>Segment revenue:</b>                      |  |  |  |  |  |  |
| Sales to external customers                  | 69,618   | 96,211                                 | –                                      | –                                      | 69,618                                 | 96,211                                 |
| Total revenue                                | <u>69,618</u>                                      | <u>96,211</u>                          | <u>–</u>                               | <u>–</u>                               | <u>69,618</u>                          | <u>96,211</u>                          |
| Segment results                              | <u>(2,212)</u>                                     | <u>9,978</u>                           | <u>(1,401)</u>                         | <u>–</u>                               | <u>(3,613)</u>                         | <u>9,978</u>                           |
| <b>Unallocated corporate expenses</b>        |  |  |  |  |  |  |
| Operating loss of other segment              |  |  |  |  | (2,186)                                | (4,197)                                |
| Loss on early redemption of promissory notes |  |  |  |  | (20,502)                               | –                                      |
| Finance costs                                |  |  |  |  | <u>(10,554)</u>                        | <u>(5,838)</u>                         |
| <b>Loss before taxation</b>                  |  |  |  |  | <u>(36,855)</u>                        | <u>(57)</u>                            |
| Income tax expense                           |  |  |  |  | <u>(3,306)</u>                         | <u>(700)</u>                           |
| <b>Loss for the period</b>                   |  |  |  |  | <u>(40,161)</u>                        | <u>(757)</u>                           |

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

|   | Manufacturing and sales of<br>pharmaceutical products  |  | Iron ore<br>exploration operation                      |  | Total segment assets                                   |  |
|---|--|--|--|--|--|--|
|   | 30 September<br>2009<br>(Unaudited)<br><i>HK\$'000</i> | 31 March<br>2009<br>(Audited)<br><i>HK\$'000</i> | 30 September<br>2009<br>(Unaudited)<br><i>HK\$'000</i> | 31 March<br>2009<br>(Audited)<br><i>HK\$'000</i> | 30 September<br>2009<br>(Unaudited)<br><i>HK\$'000</i> | 31 March<br>2009<br>(Audited)<br><i>HK\$'000</i> |
| Property, plant and<br>equipment                                | 118,931  | 117,182  | 280  | –  | 119,211  | 117,182  |
| Mining right  | –  | –  | 260,015  | –  | 260,015  | –  |
| Deposits for acquisition<br>of property, plant and<br>equipment | 12,741   | 10,028   | –  | –  | 12,741   | 10,028   |
| Bank balances and cash  | 7,902  | 22,154   | 9  | –  | 7,911  | 22,154   |
| Others  | 118,139  | 145,573  | 807  | –  | 118,946  | 145,573  |
|   | <u>257,713</u>   | <u>294,937</u>                                   | <u>261,111</u>   | <u>–</u>   | <u>518,824</u>   | <u>294,937</u>                                   |

**(b) Geographical segment**

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. During the six months ended 30 September 2009 and the year ended 31 March 2009, all of the Group revenue and over 90% of the assets were derived from operations in the PRC and accordingly, no details analysis of the Group's geographical segments for the six months ended 30 September 2009 and the year ended 31 March 2009.

**4. REVENUE**

Revenue, which is stated net of value added tax and other sales taxes and returns, represents amounts invoiced to customers for sales of pharmaceutical products during the periods.

**5. FINANCE COST**

|  | For the six months ended<br>30 September |  |
|--|--|--|
|  | 2009<br>(unaudited)<br><i>HK\$'000</i>   | 2008<br>(unaudited)<br><i>HK\$'000</i> |
| Imputed interest on promissory notes           | 7,342                                    | –                                      |
| Interest on bank loan repayable within 5 years | 3,212                                    | 5,838                                  |
|  | <u>10,554</u>                            | <u>5,838</u>                           |

**6. LOSS BEFORE TAXATION**

|   | <b>For the six months ended</b> |             |
|---|---------------------------------|-------------|
|   | <b>30 September</b>             |             |
|   | <b>2009</b>                     | 2008        |
|   | <b>(unaudited)</b>              | (unaudited) |
|   | <b>HK\$'000</b>                 | HK\$'000    |
| Loss before taxation has been arrived at after charging (crediting):          |                                 |             |
| Depreciation of property, plant and equipment                                 | <b>9,306</b>                    | 10,724      |
| Prepaid lease payments  | <b>109</b>                      | 149         |
| Staff cost (including directors' remuneration)                                | <b>6,858</b>                    | 9,163       |
| Fair value change on financial assets<br>at fair value through profit or loss | <b>(229)</b>                    | 162         |
| Total interest income on bank deposits and loans receivable                   | <b>(1,072)</b>                  | (3,876)     |

**7. INCOME TAX EXPENSE**

|                               | <b>For the six months ended</b> |              |
|-------------------------------|---------------------------------|--------------|
|                               | <b>30 September</b>             | 30 September |
|                               | <b>2009</b>                     | 2008         |
|                               | <b>(unaudited)</b>              | (unaudited)  |
|                               | <b>HK\$'000</b>                 | HK\$'000     |
| <b>Current tax</b>            |                                 |              |
| The PRC enterprise income tax | <b>1,138</b>                    | 700          |
| <b>Deferred tax</b>           |                                 |              |
| Promissory notes              | <b>2,168</b>                    | –            |
|                               | <b>3,306</b>                    | 700          |

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

The PRC subsidiaries are subject to the PRC Enterprise Income Tax at rate 25% (2008: 25%). Pursuant to the then relevant laws and regulations in the PRC, the qualified PRC subsidiaries were entitled to exemption from PRC income tax for two years commencing from its first profit-making year of operation and thereafter it will be entitled to a 50% relief from PRC income tax for the following three years. The first profit-making year of two PRC subsidiaries were the statutory financial year ended 31 December 2002 and 2005 respectively.

## 8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to the equity holders of the Company of approximately HK\$40,161,000 (2008: HK\$757,000) over 1,512,246,820 (2008: 1,411,440,590) ordinary shares of the Company in issue during the period.

No diluted loss per share has been presented as there was no potential ordinary shares in issue in both periods.

## 9. DIVIDENDS

On 18 December 2009, no interim dividend was declared by the Company for the six months ended 30 September 2009 (2008: nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group has acquired property, plant and equipment of approximately HK\$14,551,000 and disposed of approximately HK\$39,688,000. Property, plant and equipment of approximately HK\$296,000 were acquired through acquisition of subsidiaries during the period. (*Note 20*)

As at 30 September 2009, the Group has pledged certain of its buildings with an aggregate carrying amount of approximately HK\$20,344,000 (As at 31 March 2009: approximately HK\$20,826,000) and plant and machinery amounting to approximately HK\$8,968,000 (As at 31 March 2009: approximately HK\$11,915,000) to certain banks to secure the credit facilities grant to the Group.

## 11. MINING RIGHT

|   | <i>HK\$'000</i>       |
|---|-----------------------|
|   | (unaudited)           |
| <b>Cost</b>   |                       |
| At 1 April 2009   | –                     |
| Acquired through acquisition of subsidiaries ( <i>Note 20</i> ) | <u>260,015</u>        |
| At 30 September 2009  | <u><u>260,015</u></u> |
| <b>Amortisation</b>   |                       |
| At 1 April 2009 and 30 September 2009                           | <u>–</u>              |
| <b>Carrying amount</b>  |                       |
| At 30 September 2009  | <u><u>260,015</u></u> |

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 2009 as commercial production of the mine has not yet commenced during the period.

The management of the Company has assessed the recoverable amount of the mining right, which exceeds its carrying amount and therefore no impairment loss was recognised during the period.

## 12. TRADE AND BILLS RECEIVABLES

|  | At<br>30 September<br>2009<br>(unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2009<br>(audited)<br><i>HK\$'000</i> |
|--|--|--|
| Trade receivables                                  | 73,306   | 76,298   |
| <i>Less: accumulated impairment</i>                | <u>(14,351)</u>  | <u>(14,334)</u>  |
|  | 58,955   | 61,964   |
| Bills receivable discounted/endorsed with recourse | <u>5,848</u>   | <u>2,383</u>   |
|  | <u><b>64,803</b></u>   | <u><b>64,347</b></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 aged analysis of trade receivables, net of impairment losses, and bills receivable discounted/endorsed with recourse at the respective reporting date:

|                 | At<br>30 September<br>2009<br>(unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2009<br>(audited)<br><i>HK\$'000</i> |
|-----------------|--|--|
| 0 to 90 days    | 37,150   | 39,722   |
| 91 to 180 days  | 16,393   | 15,629   |
| 181 to 365 days | 7,487  | 8,054  |
| 1 to 2 years    | <u>3,773</u>   | <u>942</u>   |
|                 | <u><b>64,803</b></u>   | <u><b>64,347</b></u>                                   |

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|   | At<br>30 September<br>2009<br>(unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2009<br>(audited)<br><i>HK\$'000</i> |
|---|--|--|
| Amount receivable on disposal of associates ( <i>note</i> ) | 82,000   | 135,000  |
| Deposits paid   | 20,273   | 70,248   |
| Loan receivable   | –  | 21,611   |
| Prepayments   | 7,164  | 2,633  |
| Other receivables   | 17,597   | 11,382   |
| Prepaid lease payments                                      | 219  | 219  |
|   | <u>127,253</u>   | <u>241,093</u>   |

*Note:* During the year ended 31 March 2008, the Group has disposed of the interest in associates for a total consideration of HK\$180,000,000. The amount was the outstanding part of last installment receivable from the acquirer. On 22 July 2009, the Group entered into an extension agreement to extend the payment date of the outstanding part of last installment to January 2010.

### 14. TRADE PAYABLES

|                | At<br>30 September<br>2009<br>(unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2009<br>(audited)<br><i>HK\$'000</i> |
|----------------|--|--|
| Trade payables | <u>16,486</u>  | <u>15,179</u>  |

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

|                 | At<br>30 September<br>2009<br>(unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2009<br>(audited)<br><i>HK\$'000</i> |
|-----------------|--|--|
| 0 to 90 days    | 10,812   | 10,085   |
| 91 to 180 days  | 1,262  | 1,266  |
| 181 to 365 days | 2,481  | 2,519  |
| Over 365 days   | 1,931  | 1,309  |
|                 | <u>16,486</u>  | <u>15,179</u>  |

The average credit period on purchases is 3 months (31 March 2009: 3 months)

## 15. OTHER PAYABLES AND ACCRUALS

|                        | At<br>30 September<br>2009<br>(unaudited)<br>HK\$'000 | At<br>31 March<br>2009<br>(audited)<br>HK\$'000 |
|------------------------|---|---|
| Value-add tax payables | 1,335   | 1,680   |
| Receipts in advance    | 1,510   | 1,876   |
| Accruals               | 4,623   | 5,060   |
| Other payables         | 5,729   | 7,930   |
|                        | <u>13,197</u>   | <u>16,546</u>                                   |

## 16. SHARE CAPITAL

|   | <i>Number of<br/>shares</i> | <i>HK\$'000</i>      |
|---|-----------------------------|----------------------|
| <i>Authorised:</i>                              |                             |                      |
| Ordinary share of HK\$0.05 each                 |                             |                      |
| At 1 April 2009 and 30 September 2009           | 10,000,000,000              | 500,000              |
|   | <u>10,000,000,000</u>       | <u>500,000</u>       |
| <i>Issued and fully paid:</i>                   |                             |                      |
| Ordinary share of HK\$0.05 each                 |                             |                      |
| At 1 April 2009                                 | 1,411,440,590               | 70,572               |
| Placing of shares ( <i>note i</i> )             | 88,500,000                  | 4,425                |
| Issue of subscription shares ( <i>note ii</i> ) | 192,660,000                 | 9,633                |
|   | <u>1,692,600,590</u>        | <u>84,630</u>        |
| <b>At 30 September 2009 (unaudited)</b>         | <b><u>1,692,600,590</u></b> | <b><u>84,630</u></b> |

### Notes:

- (i) The Company placed 88,500,000 ordinary shares of HK\$0.05 each at a placing price of HK\$0.397 per share. The ordinary shares of 80,000,000 ordinary shares and 8,500,000 shares were issued on 23 June 2009 and 29 June 2009 for the purpose of increasing general working capital for the Group. The new share rank pari passu with the existing shares in all respects.

- (ii) On 21 July 2009, the Company entered into a subscription agreement with an independent third party, pursuant to which the independent third party has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 111,660,000 share in cash at the subscription price of HK\$0.3 per share. For details, please refer to the Company's announcement dated 21 July 2009. The ordinary shares of 111,660,000 were issued on 24 July 2009 for the purpose of increasing general working capital for the Group. The new share rank pari passu with the existing shares in all respects.

On 24 August 2009, the Company entered into a subscription agreement with an independent third party, pursuant to which the independent third party has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 81,000,000 shares in cash at the subscription price of HK\$0.25 per share. For details, please refer to the Company's announcement dated 24 August 2009. The ordinary shares of 81,000,000 were issued on 7 September 2009 for the purpose of increasing general working capital for the Group. The new share rank pari passu with the existing shares in all respects.

## 17. PROMISSORY NOTES

On 3 June 2009, the Group issued promissory notes in a total principal amount of HK\$230,000,000 due and repayable in full on 15 months from date of issue. The promissory notes were issued for acquiring the entire interest in Tian Sheng Resources Development Limited ("Tian Sheng") and bear zero coupon rate. *(Please refer to Note 20)*. The effective interest rate is 17%.

|   | <i>HK\$'000</i>             |
|---|-----------------------------|
|   | (unaudited)                 |
| At 1 April 2009                                       | –                           |
| Fair value of promissory notes <i>(note i)</i>        | 189,015                     |
| Interest charged <i>(Note 5)</i>                      | 7,342                       |
| Early redemption of promissory notes <i>(note ii)</i> | <u>(109,498)</u>            |
| <b>At 30 September 2009</b>                           | <b><u><u>86,859</u></u></b> |

### *Notes:*

- (i) The fair value of the promissory notes issued have been arrived on the basis of a valuation carried out on the completion date of the acquisition by B.I. Appraisals Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to discounted cash flow method.

- (ii) Pursuant to the terms in relation to the issuance of promissory notes, the Group has the right to early redeem the promissory notes. The Group may redeem the whole or any part of the outstanding principal amount of the promissory notes at any time prior to the maturity date of the promissory notes, with given written notice to the holders of the notes not less than seven day prior to the specific date of redemption (to the extent the holder being located and such notice served).

During the period ended 30 September 2009, the Group repaid at principal amount of HK\$10,000,000, HK\$70,000,000 and HK\$50,000,000 on 8 July 2009, 23 July 2009 and 30 July 2009 respectively.

## 18. BANK BORROWINGS

|  | At<br>30 September<br>2009<br>(unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2009<br>(audited)<br><i>HK\$'000</i> |
|--|--|--|
| Bank borrowings  |  |  |
| – secured  | 85,868   | 91,667   |
| – unsecured  | 22,701   | 22,675   |
|  | <u>108,569</u>   | <u>114,342</u>   |
| The borrowings are repayable as follows:   |  |  |
| Within one year  | 98,751   | 109,070  |
| In the second year   | 9,818  | 5,272  |
|  | <u>108,569</u>   | <u>114,342</u>   |
| <i>Less: Amount due for settlement within 12 months</i><br>(shown under current liabilities) | <u>98,751</u>  | <u>(109,070)</u>                                       |
| Amount due for settlement after 12 months  | <u>9,818</u>   | <u>5,272</u>   |
| Borrowings at:   |  |  |
| – floating rate  | 43,132   | 48,356   |
| – fixed interest rate  | 65,437   | 65,986   |
|  | <u>108,569</u>   | <u>114,342</u>   |

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

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

|                 | At<br><b>30 September<br/>2009<br/>(unaudited)</b> | At<br>31 March<br>2009<br>(audited) |
|-----------------|--|-------------------------------------|
| Bank borrowings | <u><b>5.58%-7.66%</b></u>                          | <u>5.8%-9.0%</u>                    |

Bank borrowings were secured by property, plant and equipment of approximately HK\$29,312,000 and prepaid lease payments of approximately HK\$6,301,000.

## 19. DEFERRED TAX LIABILITIES

|  | <b>Promissory notes<br/>HK\$'000<br/>(Unaudited)</b> |
|--|--|
| At 1 April 2009  | –  |
| Issue of promissory notes  | 6,763  |
| Credited to consolidated income statement for the period                         | (1,212)  |
| Reversal of deferred tax liabilities due to early redemption of promissory notes | <u>(3,383)</u>                                       |
| <b>At 30 September 2009</b>  | <u><b>2,168</b></u>                                  |

## 20. ACQUISITION OF MINING RIGHT AND OTHER ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 3 December 2008, 5 January 2009 and 2 February 2009, the Group has entered into a conditional sale and purchase agreement and supplemental agreements to acquire the entire issued share capital in Tian Sheng. The main asset of Tian Sheng is the entire equity interest in a Mongolia subsidiary, Khuderbald LLC (“Khuderbald”) (collectively referred to as “Tian Sheng Group”), which principally engaged in conducting mining work for iron resources in Mongolia at consideration of HK\$300,000,000. The consideration was satisfied by (i) HK\$70,000,000 in cash and (ii) HK\$230,000,000 by the Company's issue (through a wholly-owned subsidiary) to Boa Fung Investments Limited of promissory notes. The acquisition was completed on 3 June 2009.

Tian Sheng and Khuderbald have not carried out any significant business transactions since their incorporation. In the opinion of the directors, the acquisition did not constitute an acquisition of business which the Group principally acquired the mining right through the acquisition. Therefore, the acquisition was not accounted for as a business combination in accordance with the requirements of HKFRS 3 Business Combinations.

The fair values of the identifiable assets and liabilities acquired in the transaction are as follows:

|   | <i>HK\$'000</i>        |
|---|------------------------|
|   | (unaudited)            |
| <b>Net assets acquired:</b>                         |                        |
| Property, plant and equipment                       | 296                    |
| Mining right  | 260,015                |
| Prepayments, deposits and other receivables         | 102                    |
| Cash and bank balances                              | 3                      |
| Other payables and accruals                         | (1,401)                |
| Amount due to a former shareholder                  | <u>(66,100)</u>        |
| Fair value of net assets                            | 192,915                |
| Assignment of amount due to a former shareholder    | <u>66,100</u>          |
|   | <u><u>259,015</u></u>  |
| <b>Satisfied by:</b>                                |                        |
| Cash  | 70,000                 |
| Promissory notes, at fair value ( <i>Note 17</i> )  | <u>189,015</u>         |
|   | <u><u>259,015</u></u>  |
| <b>Net cash outflow arising on the acquisition:</b> |                        |
| Cash consideration paid                             | (70,000)               |
| Cash and bank balances acquired                     | <u>3</u>               |
|   | <u><u>(69,997)</u></u> |

## 21. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2009.

## 22. CAPITAL COMMITMENTS

At the balance sheet date, the Group had outstanding capital commitments as follows:

|   | At<br>30 September<br>2009<br>(unaudited)<br><i>HK\$'000</i> | At<br>31 March<br>2009<br>(audited)<br><i>HK\$'000</i> |
|---|--|--|
| Capital expenditure contracted for but not provided<br>in the consolidated financial statements in respect of<br>acquisition of property, plant and equipment | <u>5,269</u>   | <u>15,544</u>  |

## 23. EVENT AFTER THE END OF THE REPORTING PERIOD

- (i) On 24 October 2009, the Group entered into a conditional sale and purchase agreement to acquire 55% of the entire issued share capital of the PT. Dampar Golden International (“PT. Dampar”) at an aggregate consideration of HK\$566,500,000, which shall be satisfied as to (i) HK\$30,750,000 as a refundable deposit payable in cash from internal resources of the Group and/or third party financing and (ii) HK\$546,750,000 by the Group procuring the Company to issue the convertible note to the vendor. For further details, please refer to the Company’s announcement dated 3 November 2009.
- (ii) On November 2009, the Company entered into the placing agreement with an independent third party, pursuant to which the Company has conditionally agreed to place, through the independent third party on a best effort basis, up to 320,000,000 shares to not fewer than six placees at a price of HK\$0.26 per placing share. For details, please refer to the Company’s announcement dated 8 November 2009. Ordinary shares of 88,000,000 were issued on 24 November 2009 for the purpose of increasing general working capital for the Group. The new share rank pari passu with the existing shares in all respects.

## 24. RELATED PARTY TRANSACTIONS

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

|  | For the six months ended |                |
|--|--------------------------|----------------|
|  | 30 September             |                |
|  | 2009                     | 2008           |
|  | (unaudited)              | (unaudited)    |
|  | HK\$'000                 | HK\$'000       |
| Key management compensation  |                          |                |
| Short-term benefits  | 160                      | 1,562          |
| Post employment benefits   | —                        | 18             |
|  | <u>160</u>               | <u>1,580</u>   |
| Interest income on loans to a company controlled<br>by a former director ( <i>note</i> ) | <u>—</u>                 | <u>(2,565)</u> |

*Note:* The former director is Mr. Zhou Yu Kang, who resigned on 17 December 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business review and prospect**

For the six months ended 30 September 2009, the Group's turnover amounted to approximately HK\$69,618,000 (2008: approximately HK\$96,211,000), from its principal business of pharmaceutical operations, representing a decrease of approximately 27.6% as compared to the corresponding period last year. Correspondingly, gross profit of the Group for the six months ended 30 September 2009 decreased to HK\$29,310,000 (2008: HK\$39,050,000). However, the gross profit margin has a slight increase to approximately 42% (2008: approximately 41%) as compared to the same period last year.

For the six months ended 30 September 2009, the selling and distribution cost amounted to approximately HK\$22,123,000 (2008: approximately HK\$24,329,000); the administrative expenses amounted to approximately HK\$16,244,000 (2008: approximately HK\$12,859,000); the loss on early redemption of promissory notes amounted to approximately HK\$20,502,000 (2008: nil); the total finance costs amounted to approximately HK\$10,554,000 (2008: approximately HK\$5,838,000), mainly included an imputed promissory note interest of approximately HK\$7,342,000 (2008: nil) and bank loan interest of approximately HK\$3,212,000 (2008: approximately HK\$5,838,000). The net loss attributable to shareholders of the Company amounted to approximately HK\$40,161,000 (2008: approximately HK\$757,000). During the period, the loss increased by approximately HK\$39,404,000 mainly attributable to the decrease in sales volume, loss on early repayment of promissory notes and the imputed promissory note interest incurred.

Basic and diluted loss per share from operations was approximately HK\$2.66 cents for the six months ended 30 September 2009 (six months ended 30 September 2008: basic and diluted loss per share of HK\$0.05 cents).

### ***Pharmaceutical Operations***

As a result of the decline in sales volume of pharmaceutical products, the Group recorded revenue from the pharmaceutical operation business of approximately HK\$69.6 million for the six months ended 30 September 2009 representing a decrease of approximately 27.6% as compared with approximately HK\$96.2 million of the corresponding period in 2008.

Accordingly, this segment results dropped from approximately HK\$10 million profit for the six months ended 30 September 2008 to approximately HK\$2.2 million loss for the six months ended 2009.

The operating environment for the six months during the period under review was full of challenges. The decline in sales volume was mainly due to (i) the keen market competition, the Group's competitors slashed prices to promote sales; (ii) the Group restructures its production plants in the PRC which required the clearance of part of its existing production plants. This action resulted in a temporary decline in production volume of our product. Looking forward to the second half of the year, it is unlikely that the operating environment of intravenous fluids will improve and the profitability of which will rise remarkably. The new production line was expected to commence production in mid of 2010 and the management expect the business will improve and growth in a healthy manner and have stronger competitive edges to survive in the competing environment.

### ***Iron Ore Mining Operation***

In view of the continued economic growth and accelerated industrialization and urbanization in the PRC, there will be sustained demand for natural resources in long run, The Directors believe that the demand for natural resources will be considerable and the Company's growth momentum will be maintained by diversifying into the natural resources area.

In view of the above, the Company therefore takes initiative in identifying business opportunities in new emerging industries that will broaden the revenue sources of the Group. The Directors consider the diversification of business into new areas of high growth potential will be in the best interest of the Company and its Shareholders.

On 3 December 2008, 5 January 2009 and 2 February 2009, the Group has entered into a conditional sale and purchase agreement and supplemental agreements to acquire the entire issues share capital in Tian Sheng Resources Development Limited. The main asset of Tian Sheng is the entire equity interest in a Mongolia subsidiary, Khuderbold LLC which principally engaged in conducting mining work for iron resources in Mongolia. The acquisition was completed on 3 June 2009.

Tian Sheng and Khuderbold (collectively referred as to "Tian Sheng Group") have not carried out any significant business transactions since the date of acquisition. Accordingly Tian Sheng Group recorded a loss of approximately HK\$1,394,000 for the six months ended 30 September 2009. The loss was mainly comprised with administrative and exploration expenses. The management has commenced to establish a working group in order to speed up the process of iron ore mine exploration work and to identify business opportunities in the market.

## **INTERIM DIVIDEND**

The Board of directors has resolved not to declare an interim dividend for the six months ended 30 September 2009 (2008: Nil).

## **CAPITAL STRUCTURE**

Shareholders' equity increased to approximately HK\$399,370,000 as at 30 September 2009 from approximately HK\$351,554,000 as at 31 March 2009. As at 30 September 2009, the short term and long term interest bearing debts to shareholders' equity was approximately 27.2%. (as at 31 March 2009: approximately 32.5%.)

As announced by the Group on 29 June 2009, 21 July 2009 and 24 August 2009 respectively, the Group had conducted and completed three tranches of placing of 88,500,000 new Shares at the placing price of HK\$0.397 per new Share, 111,660,000 new Shares at the subscription price of HK\$0.30 per new Share and 81,000,000 new Shares at the subscription price of HK\$0.25 per new Share respectively under the General Mandate. (the "Placings")

The Placing Shares of 88,500,000 new shares and Subscription Shares of 192,660,000 new shares represent about 19.9% of the existing issued share capital of the Group and about 16.6% of the enlarged share capital of the Group immediately after the Placing and Subscription. The Placing Shares and Subscription Shares were issued under the General Mandate and rank equally among themselves and with the then existing shares.

As announced on 6 November 2009, the Group has conditionally agreed to place, through a placing agent, on a best effort basis, up to 320,000,000 placing shares not later than 5 February 2010 under the General Mandate at a price of HK\$0.26 per placing share. As of to date, 88,000,000 shares have been issued under this placing.

The Directors believe that the above fund raising exercise provides an opportunity to broaden the shareholder base and strengthens its capital base and financial position for its future business developments. Further, the Group considers that the Placing and Subscription are currently a preferred method of fund raising as compared with other equity fund raising exercises based on time and costs involved. The Group used the net proceeds of the Subscription as general working capital of the Group and for the material and proposed acquisitions (see below).

## **MATERIAL ACQUISITION**

On 3 December 2008, 5 January 2009 and 2 February 2009, the Group has entered into a conditional sale and purchase agreement and supplemental agreements to acquire the entire issued share capital in Tian Sheng Resources Development Limited. For further details, please refer to the Company's circular dated 31 March 2009. The acquisition was completed on 3 June 2009 (*Please refer to Note 20*).

## **PROPOSED ACQUISITION**

According to the announcement dated on 3 November 2009, the Company proposes to acquire the mining licences of an iron mine in Indonesia. The Acquisition constitutes a very substantial acquisition for the Company pursuant to Chapter 14 of the Listing Rules. An announcement in compliance with Chapter 14 of the Listing Rules is being prepared and will be published by the Company as soon as practicable.

## **FINANCIAL RESOURCES AND LIQUIDITY**

As at 30 September 2009 the Group had total assets of approximately HK\$627,749,000 (31 March 2009: approximately HK\$500,053,000) which was financed by current liabilities of approximately HK\$129,534,000 (31 March 2009: approximately HK\$143,227,000), non-current liabilities of approximately HK\$98,845,000 (31 March 2009: approximately HK\$5,272,000) and shareholders' equity of HK\$399,370,000 (31 March 2009: approximately HK\$351,554,000).

The Group's current ratio as at 30 September 2009 was approximately 1.77 (31 March 2009: approximately 2.56) and gearing ratio, representing the total bank borrowings divided by the shareholders' equity was approximately 27.2% (31 March 2009: approximately 32.5%). The total outstanding borrowings of the Group as at 30 September 2009 were denominated in Renminbi, about approximately 40% (31 March 2009: approximately 42%) borrowings was interest-bearing with variable rates while interest of the remaining balances was calculated on fixed interest rates.

As at 30 September 2009, certain buildings with aggregate carrying amount of approximately HK\$20,344,000 (31 March 2009: approximately HK\$20,826,000), plant and machinery amounting to approximately HK\$8,968,000 (31 March 2009: approximately HK\$11,915,000), land use rights amount of approximately HK\$6,301,000 (31 March 2009: approximately HK\$6,404,000) and bank deposits amount of HK\$nil (31 March 2009: approximately HK\$11,338,000) had been pledged to secure banking facilities granted to the Group.

Except for the capital commitment of acquisitions of non-current assets amounting to approximately HK\$5,269,000 (31 March 2009: approximately HK\$15,544,000), the Group had no other material capital commitment and contingent liabilities as at 30 September 2009.

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

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong Dollars, US Dollars and Renminbi 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 2009, the Group has approximately 781 employees in Hong Kong and the PRC. Remuneration packages are generally structured accordingly 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.

## **DIRECTORS' INTERESTS IN SECURITIES**

None of the directors, chief executives or their respective associates of the Company had, as at 30 September 2009, any interest or short position 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") which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

The Company's share options scheme (the "Scheme") adopted on 14th January 2002 for the purposes of the recognition of the significant contribution of and for the provisions of incentives to any directors, employees (whether full-time or part-time), consultants, customers, suppliers, agents, partners or advisors to the Group or affiliate will expire on 13 January 2012. The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme cannot exceed 10% (the "Limit") of the issued share capital of the Company at the date of adoption of the Scheme, excluding any options lapsed in accordance with the terms of the Scheme and any other share option schemes. Afterwards, pursuant to the Resolution passed by the shareholders in general meeting held on 25 August 2009 to renew the Limit (the "Refreshed Scheme Limit"), the Refreshed Scheme Limit as at 30 September 2009 is 161,160,059. No options have been granted by the Company under the Scheme since its adoption.

## **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE**

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

## **SUBSTANTIAL SHAREHOLDERS**

As at 30 September 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company that they were interested in 5% or more of the issued share capital of the Company.

### **Long position in ordinary shares of HK\$0.05 each of the Company**

| <b>Name of shareholder</b>             | <b>Capacity</b>                | <b>Number of issued ordinary shares held</b> | <b>Approximate percentage of the issued share capital of the Company</b> |
|--|--------------------------------|--|--|
| Golden Mount Limited ( <i>Note 1</i> ) | Beneficial owner               | 230,000,000                                  | 13.59%   |
| Ms. Wang Jin Song ( <i>Note 2</i> )    | Held by controlled corporation | 129,380,827                                  | 7.64%  |

| Name of shareholder   | Capacity                          | Number of<br>issued ordinary<br>shares held | Approximate<br>percentage of<br>the issued share<br>capital of<br>the Company |
|---|-----------------------------------|---|---|
| Landstar Investments Limited ( <i>Note 2</i> )                                  | Beneficial owner                  | 129,380,827                                 | 7.64%   |
| Joinsmart Asia Limited  | Beneficial owner                  | 111,660,000                                 | 6.60%   |
| China Life Trustees Limited ( <i>Note 3</i> )                                   | Trustee                           | 84,590,000                                  | 5.00%   |
| China Life Insurance (Overseas) Co., Ltd.<br>Hong Kong Branch ( <i>Note 3</i> ) | Held by controlled<br>corporation | 84,590,000                                  | 5.00%   |

*Notes:*

- Golden Mount Limited is solely owned by Mr. Chim Pui Chung, who is the father of Mr. Chim Kim Lun, Rick, a Director.
- Ms. Wang Jin Song (“Ms. Wang”) beneficially owns 85% interests in Ankeen Enterprises Limited (“AEL”). AEL beneficially owns 41.93% interests in Shenzhen Neptunus Group Co., Ltd. (“SNGCL”). SNGCL beneficially owns 86% interests in Shenzhen Neptunus Health Drugstore Co., Ltd. (“SNHDCL”). SNHDCL beneficially owns 100% interests in Hong Kong Neptunus Health Drugstore Limited (“HKNHDL”). HKNHDL beneficially owns 100% interest in Advance Year Company Inc. (“AYCI”). AYCI beneficially owns 100% interests in Landstar Investments Limited (“LIL”) which owns 129,380,827 ordinary shares of the Company.

Ms. Wang, AEL, SNGCL, SNHDCL, HKNHDL and AYCI are deemed to be interested in the 129,380,827 shares held by LIL.

Industrial Bank Co., Ltd. Shenzhen Bagualing Sub-branch (“Industrial Bank”) is deemed to be interested in the 129,380,827 shares as LIL has pledged its shares to Industrial Bank.

- China Life Trustees Limited is accustomed to act in accordance with directions of China Life Insurance (Overseas) Co., Ltd. Hong Kong Branch which is deemed to be interested in the shares held by China Life Trustees Limited.

Save as disclosed above, the directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as at 30 September 2009, which would fall to be disclosed under Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **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 2009.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board considers that the Group was in full compliance with the requirements of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the period, except for the followings:

- (i) None of the independent non-executive directors were appointed for a specific term, but they are subject to the retirement by rotation and re-election for every three years at the annual general meeting pursuant to the Bye-law of the Company.

## **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 2009.

## **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 2009.

## **PUBLICATION OF RESULTS AND INTERIM REPORT**

This interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) under “Latest Listed Companies Information” and the website of the Company at [www.aplushk.com/clients/0899asiaresources/index.html](http://www.aplushk.com/clients/0899asiaresources/index.html). The annual report will be dispatched to the shareholders and will also be available on these websites.

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

Hong Kong, 18 December 2009

*As at the date of this announcement, the executive directors of the Company are Mr. Chim Kim Lun, Ricky, Mr. Chan Shun Yuen, Mr. Chan Sung Wai and Mr. Wong King Lam, Joseph, and the independent non-executive directors are Mr. Yiu Fai Ming, Mr. Zhang Xianlin and Mr. Tse Yuk Kong.*