Asia Resources Holdings Limited
亞洲資源控股有限公司*

(Stock Code: 899)

ANNUAL REPORT 2008

* For identification purpose only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhou Yu Kang *(Chairman)*
Mr. Lin Dong *(Chief Executive Officer)*
Mr. Feng Xiang Cai
Mr. Yang Jianxin

Independent Non-executive Directors

Mr. Ngai Sau Chung, Howard
Mr. Lin Ye
Mr. Zhang Xiufu

COMPANY SECRETARY

Ms. Leung Sau Fong

PRINCIPAL BANKERS

China Construction Bank Corporation
Agricultural Bank of China
CITIC Ka Wah Bank Limited
Guangdong Development Bank
The Hongkong and Shanghai Banking Corporation Limited
Wenzhou City Commercial Bank

AUDITOR

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 04, 34/F., Bank of America Tower
12 Harcourt Road
Central, Hong Kong

REGISTRARS (IN BERMUDA)

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM11
Bermuda

REGISTRARS (IN HONG KONG)

Tricor Secretaries Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at Luxembourg Room I, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 29 August 2008 at 9:30 a.m. for the following purposes:

1. To receive and consider the Audited Financial Statements for the year ended 31 March 2008 and the Reports of the Directors and Auditor thereon.

2. To re-elect retiring directors and to grant power to the Board of Directors to fix directors' remuneration.

3. To re-appoint auditor and to authorise the Board of Directors to fix their remuneration.

4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

A. "**THAT**

(a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, debentures and notes convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of shares issued, allotted, or dealt with by the Directors pursuant to the approval granted in paragraph (a) of this resolution, otherwise than the issue of shares by way of rights, scrip dividend schemes or similar arrangements in accordance with the Bye-laws of the Company or any options granted under the share option scheme of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company on the date of passing this resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda laws or the Bye-laws of the Company to be held; and

(iii) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting."

B. "**THAT**

(a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as defined below) of all the powers of the Company to repurchase issued shares in the capital of the Company in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of securities to be purchased by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and

(c) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda laws or the Bye-laws of the Company to be held; and

(iii) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting."

Notice of Annual General Meeting

C. "**THAT** the general unconditional mandate granted to the Directors of the Company to issue, allot and deal with shares pursuant to Ordinary Resolution No. 4A set out in the notice convening this meeting be and is hereby extended by addition thereto of an amount representing the aggregate nominal amount of the shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 4B set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing this resolution."

By order of the Board
Leung Sau Fong
Company Secretary

Hong Kong, 31 July 2008

Notes:

i. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

ii. To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the Company at Unit 3404, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

iii. The Register of Members will be closed from Monday, 25 August 2008 to Friday, 29 August 2008, both days inclusive, during which period no transfer of shares will be effected.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Zhou Yu Kang, aged 76, is the Chairman of the Group. He is responsible for the formulation of corporate strategy and the overall direction for the Group. He joined the Group in April 2008 and he has an extensive experience in the investment, construction and property development which were situating across the major cities of the PRC, such as Shanghai, Nanjing and Hangzhou.

Mr. Lin Dong, aged 45, is the Chief Executive Officer of the Group. He is responsible for the overall financial management, corporate planning and corporate governance of the Group. He joined the Group in 2002 and has over 20 years of experience in capital market, investment management and corporate planning in Hong Kong and the PRC.

Mr. Feng Xiang Cai, aged 60, is responsible for the business development of the Group especially in exploring new business or investment opportunity since he has board business connection in Hong Kong and the PRC. He joined the Group in 2002 and has over 30 years of experience in general trading, property development and investment management.

Mr. Yang Jianxin, aged 50, is responsible for the business development of the Group especially in exploring new business or investment opportunity since he has board business connection in Hong Kong and the PRC. He graduated from Navy Higher Electronic Engineering College English Language Department (海軍高級電子工程專科學校英語系) in 1978 and has been qualified as International Business Engineer (國際商務師). He joined the Group in September 2007 and has over 20 years of experience in foreign trade, investment and corporate management.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ngai Sau Chung, Howard, aged 41, is currently working for Ho, Wong & Wong Solicitors with the emphasis on general corporate advisory and corporate acquisition activities. Mr. Ngai had been acting as the Head of the Corporate Finance Department of Mirant Asia-Pacific Limited, which is the Asia Regional Office of a power generating company namely Mirant Corporation. Mr. Ngai holds a Bachelor Degree of Accountancy from Concordia University, Canada and a Master Degree in Economics from Murry State University, USA. Mr. Ngai is a Certified Public Accountant of Washington State Board of Accountancy and a member of American Institute of Certified Public Accountants. He joined the Group in 2005. Mr. Ngai had held managerial positions in various American and Japanese financial institutions and has over 17 years experience in international corporate finance, project finance, trade finance, insurance, risk management and project administration.

Mr. Lin Ye, aged 52, currently the general manager of the Strategic and Development Department of China Overseas Holdings Limited. He graduated from the Harbin University of Civil Engineering and Architecture, and obtained his Master Degree in Economics from the Nankai University, a PhD degree from the Remin University of China, and possesses the title of Senior Economist in China. He joined the Group in 2006. He was the general manager of the Strategic Planning Department of the Sinochem Corporation from 1991 to 2003. Mr. Lin has 17 years of experience in the management and coordination of foreign trade, construction and real estate business.

Mr. Zhang Xiufu, aged 73, currently is the President of China Legal Aid Foundation Association (中國法律援助基金會) and an independent non-executive director of two other listed companies in Hong Kong, namely Aptus Holdings Limited and China Vanguard Group Limited. He holds a Chinese lawyer qualification and was appointed as Routine Vice-Minster of Chinese Ministry of Justice. He joined the Group in March 2008 and he has tremendous experience in administrative management and the PRC legal affairs.

Corporate Governance Report

The Board has adopted the code provisions set out in the Code of Corporate Governance Practices ("the Code") contained in Appendix 14 to the Rules Governing the Listing Rules on The Stock Exchange of Hong Kong Limited ("the Listing Rules"), which become effective on 1 January 2005. The Company has applied the principles and complied with the requirements of the Code, except for certain deviations in respect of the service term and rotation of directors.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") as set out in Appendix 10 to the Listing Rules. All directors have confirmed, following specific enquiry of all directors, that they have fully complied with the required standard set out in the Model Code throughout the year.

THE BOARD

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances.

During the year, 9 board meetings were held and the attendance of each director is set out as follows:

DIRECTORS	NUMBER OF ATTENDANCE
Ms. Zhang Cheng (resigned on 9 April 2008)	7/9
Mr. Lin Dong	9/9
Mr. Feng Xiang Cai	9/9
Mr. Yang Jianxin (appointed on 5 September 2007)	5/9
Mr. Ngai Sau Chung, Howard	7/9
Mr. Jiang Guoan (resigned on 15 April 2008)	7/9
Mr. Lin Ye	7/9
Mr. Zhang Xiufu (appointed on 13 March 2008)	1/9

Board Minutes are kept by the Company Secretary and are sent to the Directors for records.

Each board member is entitled to have access to board papers and enable, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Corporate Governance Report

BOARD COMPOSITION

The Board currently comprises four Executive Directors, being Mr. Zhou Yu Kang (Chairman), Mr. Lin Dong (Chief Executive Officer), Mr. Feng Xiang Cai, Mr. Yang Jianxin and three Independent Non-executive Directors, being Mr. Ngai Sau Chung, Howard, Mr. Lin Ye and Mr. Zhang Xiufu.

The Independent Non-executive Directors of the Company are persons with academic and professional qualifications in the fields of accounting and appropriate expertise. They provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each Independent Non-executive Director gives an annual confirmation of his independence to the Company and the Company considers these directors to be independent under Rule 3.13 of the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Independent Non-executive Directors of the Company were not appointed for specific terms but subject to retirement by rotation and re-election for every three years at the annual general meeting pursuant to the Bye-laws of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises an Executive Director and three Independent Non-executive Directors.

A Remuneration Committee meeting was held on 14 December 2007. The attendance of each member is set out as follows:

DIRECTORS	NUMBER OF ATTENDANCE
Mr. Lin Dong	1/1
Mr. Ngai Sau Chung, Howard	1/1
Mr. Jiang Guoan (resigned on 15 April 2008)	1/1
Mr. Lin Ye	1/1

The major roles and functions of the Remuneration Committee are summarized as follows:

1. To make recommendations with respect to the remuneration of the Executive Directors and the senior management of the Company; and

2. To review the remuneration package and recommend salaries, bonuses, including the incentive awards for Executive Directors and senior management.

During the year, the Remuneration Committee has reviewed and recommended to the Board the overall remuneration policy for the Executive Directors and key senior management.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. In preparing the accounts for the year ended 31 March 2008, the Directors have adopted suitable accounting polices which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for overseeing the Company's system of internal control.

To facilitate the effectiveness and efficiency of operations and to ensure compliance with relevant laws and regulations, the Group emphasizes on the importance of a sound internal control system which is also indispensable for mitigating the Group's risk exposures. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives.

The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board.

The Board has conducted review of the effectiveness of the system of internal control and is of the view that the system of internal control adopted for the year ended 31 March 2008 is sound and is effective to safeguard the interests of the shareholders' investment and the Company's assets.

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee of the Company comprises three Independent Non-executive Directors.

The Audit Committee shall meet at least twice a year. The minutes of the Audit Committee meetings were kept by the Company Secretary. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

The attendance of each member of Audit Committee is set out as follows:

DIRECTORS	NUMBER OF ATTENDANCE
Mr. Ngai Sau Chung, Howard	2/2
Mr. Jiang Guoan (resigned on 15 April 2008)	2/2
Mr. Lin Ye	2/2

The Audit Committee has reviewed with management the accounting standards and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the interim report and the audited financial statements of the Group for the year ended 31 March 2008.

AUDITOR'S REMUNERATION

During the year under review, the remuneration paid to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	**Fees paid/payable** HK$'000
Audit services	700
Non-audit services	15

COMMUNICATION WITH SHAREHOLDERS

The Board recognize the importance of good communication with all shareholders. Shareholders of the Company are encouraged to attend the general meeting of the Company.

The former chairman of the Board was not able to attend the 2007 annual general meeting of the Company in person due to other business engagement and commitments, but has already delegated to one of the executive directors of the Company to chair the meeting on her behalf and answer questions from shareholders on the business of the Group.

Chairman's Statement, Management Discussion and Analysis

On behalf of the Board of Directors (the "Board") of Asia Resources Holdings Limited (the "Company"), I present to our shareholders the report and the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2008.

RESULTS

For the year ended 31 March 2008, the Group's turnover amounted to HK$170,445,000, an increase of about 29% as compared to the previous year. The profit attributable to shareholders amounted to HK$65,382,000 (2007: loss of HK$158,688,000). The basic earnings per share for the year ended 31 March 2008 was HK$4.63 cents (2007: basic loss per share of HK$11.24 cents).

The Board did not recommend the payment of any dividend for the year (2007: nil).

BUSINESS REVIEW

In the year, the Group recorded a turnover of HK$170,445,000 (2007: HK$132,415,000), which represented an increase of about 29% as compared to previous year. The earnings attributable to shareholders for the year amounted to HK$65,382,000 (2007: loss of HK$158,688,000). The increase in turnover and a year-on-year growth of 28% in sales volume were driven mainly by the introduction of new customers and the increment of customer demand.

During the year under review, the moderating price competition in the intravenous fluid market and the effectiveness of the Group's cost control measures contributed to the improvement in gross profit margin to 42% of the year from 39% of last year. In respect of selling expenses, by allocating considerable resources to market development and brand promotion for years, the Group established a certain extent of penetration and recognition for its brands in the market. In light of this, the sales volume for the year recorded a growth of 28% as compared to previous year while the selling expenses increased less than 8%. The percentage of selling expenses as to revenue declined to 29% of the year from 35% of last year.

For the real estate operation, the Group disposed of its investment properties held for leasing, which is an office premise situated in Beijing, at approximately HK$32,998,000. The disposal contributed a gain (net of relevant expenses) of approximately HK$2,664,000. For the details of the disposal, please refer to the circular dated 19 July 2007 to shareholders.

The share of loss of associates of the Group for the year, which was related to the properties development in the PRC, amounted to approximately HK$3,381,000. In December 2007, the Group disposed of its equity interest in associates at HK$180,000,000. Taking account into the relevant costs, accumulated share of loss and exchange gain, the gain on the disposal was approximately HK$73,691,000. The investment return over the 2-year-period since the acquisition of the associate by the Group in October 2005 was about 50%. The Directors considered that the disposal was in the best interest of the Group. For the details of the disposal, please refer to the circular dated 3 January 2008 to shareholders and the announcement dated 4 July 2008.

Ms. Zhang Cheng resigned as the chairman and an executive director of the Company due to other business engagement which requires more of her dedication. The Board would like to take this opportunity to express its gratitude to Ms. Zhang Cheng for her valuable contribution to the Group during her term of service.

PROSPECTS

In the upcoming year, the Group will purse perfection of the consolidation of its factories, enhancement of quality control and product research and development, expansion of its sales networks as well as exploration of new sales channels, so as to drive up the profitability of its medicines.

For the real estate business, the PRC government has been tightening its macroeconomic adjustment and adopted stringent monetary policies in recent years. The real estate industry in the PRC is in the process of consolidation. This represented good opportunities to the Group that enable the Group to acquire quality lands or real estate developments at reasonable prices, to expand its investments in real estate business and to optimize its assets mix and profitability, which eventually offer shareholders reasonable returns.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2008, the Group had total assets of HK$570,280,000 (2007: HK$506,638,000) which was financed by current liabilities of HK$196,332,000 (2007: current liabilities of HK$125,187,000 and long term liability of HK$82,912,000) and shareholders' equity of HK$373,948,000 (2007: HK$298,539,000).

The Group's current ratio as at 31 March 2008 was approximately 2.06 (2007: 1.47) and gearing ratio, representing the total borrowings divided by the shareholders' equity was approximately 35.9% (2007: 55.5%). The total outstanding borrowings of the Group as at 31 March 2008 were denominated in Renminbi, about 32% borrowings was interest-bearing with variable rates while interest of the remaining balances was calculated on fixed interest rates.

Chairman's Statement, Management Discussion and Analysis

As at 31 March 2008, certain buildings with aggregate carrying amount of approximately HK$21,055,000 (2007: HK$24,223,000), plant and machinery amounting to approximately HK$29,085,000 (2007: HK$26,025,000), land use rights amount of HK$4,972,000 (2007: HK$12,056,000), investment properties amount of HK$nil (2007: HK$30,334,000) and bank deposits amount of approximately HK$6,992,000 (2007: nil) had been pledged to secure banking facilities granted to the Group. As at 31 March 2008, the Group had no material capital commitment and contingent liabilities.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

EMPLOYEE AND REMUNERATION POLICY

The Group has a total of approximately 801 employees in Hong Kong and the PRC as at 31 March 2008. Remuneration packages are generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits and sponsored employees in different training and continuous education programs.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our shareholders and business associates for their ongoing support and extend our appreciation to our management team and staff members for their contributions to our achievements in the year.

By order of the Board
Zhou Yu Kang
Chairman

Hong Kong, 18 July 2008

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 March 2008 are set out in the consolidated income statement on page 24.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year.

SHARE OPTIONS

Details of share options are set out in note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company has deficit at 31 March 2008 which comprises contributed surplus of HK$180 million less accumulated losses of HK$451 million. Accordingly, the Company has no reserves available for distribution to shareholders as at 31 March 2008.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent an aggregate amount of approximately HK$4 million on the acquisition of property, plant and equipment for expansion and improvement of the manufacturing facilities of its pharmaceutical business, and also disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK$7 million.

Details of these and other movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

During the year, the Group disposed of its investment properties with an aggregate carrying amount of approximately HK$30 million, details of which are set out in note 16 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Zhou Yu Kang *(Chairman)*	(appointed on 9 April 2008)
Mr. Lin Dong *(Chief Executive Officer)*	
Mr. Feng Xiang Cai	
Mr. Yang Jianxin	(appointed on 5 September 2007)
Ms. Zhang Cheng	(resigned on 9 April 2008)

Independent non-executive directors:

Mr. Ngai Sau Chung, Howard	
Mr. Lin Ye	
Mr. Zhang Xiufu	(appointed on 13 March 2008)
Mr. Jiang Guoan	(resigned on 15 April 2008)

In accordance with Clauses 86 and 87 of the Company's Bye-laws, Mr. Zhou Yu Kang, Mr. Yang Jianxin, Mr. Ngai Sau Chung, Howard, Mr. Lin Ye and Mr. Zhang Xiufu retire and, being eligible, offers themselves for re-election.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (CONTINUED)

The term of office of each of the independent non-executive directors is the period up to their retirement as required by the Company's Bye-laws.

None of the director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2008, the interests and short position of the directors, chief executive and their respective associates in the shares, underlying shares and debentures and share options of the Company or any of its associated corporation, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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"), were as follows:

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

Name	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Mr. Wu Yong (Note)	Held by controlled corporation	460,000,000	32.59%
Ms. Zhang Cheng (Note)	Interest of spouse	460,000,000	32.59%
Guardwell Investments Limited (Note)	Beneficial owner	330,000,000	23.38%
Eagle China Investments Limited (Note)	Beneficial owner	130,000,000	9.21%

Note: Mr. Wu Yong beneficially owns and controls Guardwell Investments Limited ("Guardwell") and Eagle China Investments Limited ("Eagle China"). Ms. Zhang Cheng, chairman and executive director of the Company until 9 April 2008 when she resigned, is the wife of Mr. Wu Yong. Accordingly, Mr. Wu Yong and Ms. Zhang Cheng are deemed to be interested in the shares through Guardwell and Eagle China.

Save as disclosed above, none of the directors, chief executive nor their associates, had any interests or short position in any shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 March 2008.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above in respect of the directors' interests in securities and note 28 to the consolidated financial statements, at no time during the year 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 31 March 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed above in respect of the directors' interests in securities, the following shareholders had notified the Company that they were interested in 5% or more of the issued share capital of the Company.

Long positions in ordinary shares of HK$0.05 each of the Company

Name	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Mr. Wu Yong (Note 1)	Held by controlled corporation	460,000,000	32.59%
Ms. Zhang Cheng (Note 1)	Interest of spouse	460,000,000	32.59%
Guardwell (Note 1)	Beneficial owner	330,000,000	23.38%
Eagle China (Note 1)	Beneficial owner	130,000,000	9.21%
Ms. Wang Jin Song (Note 2)	Held by controlled corporation	129,380,827	9.17%
Ankeen Enterprises Limited (Note 2)	Held by controlled corporation	129,380,827	9.17%
Shenzhen Neptunus Group Co., Ltd. (Note 2)	Held by controlled corporation	129,380,827	9.17%
Shenzhen Neptunus Health Drugstore Co., Ltd. (Note 2)	Held by controlled corporation	129,380,827	9.17%
Hong Kong Neptunus Health Drugstore Limited (Note 2)	Held by controlled corporation	129,380,827	9.17%
Advance Year Company Inc. (Note 2)	Held by controlled corporation	129,380,827	9.17%
Landstar Investments Limited (Note 2)	Beneficial owner	129,380,827	9.17%

SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Long positions in ordinary shares of HK$0.05 each of the Company (continued)

Name	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Industrial Bank Co., Ltd. Shenzhen Bagualing Sub-branch ("Industrial Bank") (Note 3)	Held by controlled corporation	129,380,827	9.17%
China Life Trustees Limited (Note 4)	Trustee	86,240,000	6.11%
China Life Insurance (Overseas) Co., Ltd. Hong Kong Branch (Note 4)	Held by controlled corporation	86,240,000	6.11%

Notes:

1. Mr. Wu Yong beneficially owns and controls Guardwell and Eagle China. Ms. Zhang Cheng, chairman and executive director of the Company until 9 April 2008 when she resigned, is the wife of Mr. Wu Yong. Accordingly, Mr. Wu Yong and Ms. Zhang Cheng are deemed to be interested in the shares through Guardwell and Eagle China.

2. 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% interests 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.

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

3. Industrial Bank is deemed to be interested in the 129,380,827 shares as LIL has pledged its shares to Industrial Bank.

4. 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 Company has not been notified of any other person who had an interest or short position in the shares or underlying shares of the Company as at 31 March 2008, which would fall to be disclosed under Divisions 2 and 3 of 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.

DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts of significance to which the Company, its holding company, fellow subsidiaries or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales during the year attributable to the Group's five largest customers comprised approximately 16% of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers comprised approximately 38% of the Group's total purchases while the purchases attributable to the Group's largest supplier was approximately 11% of the Group's total purchases.

At no time during the year did a director, an associate of a director or a shareholder of the Company, which to the knowledge of the directors owned more than 5% of the Company's issued share capital, have an interest in any of the five largest suppliers or customers of the Group.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of which are set out in note 28 to the consolidated financial statements.

Directors' Report

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2008.

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

MR. LIN DONG
DIRECTOR

Hong Kong, 18 July 2008

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF ASIA RESOURCES HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Asia Resources Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 71, which comprise the consolidated balance sheet as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

18 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	NOTES	2008 HK$'000	2007 HK$'000
Revenue	6	**170,445**	132,415
Cost of sales		**(98,082)**	(81,374)
Gross profit		**72,363**	51,041
Other income		**8,786**	6,314
Distribution and selling expenses		**(49,243)**	(45,874)
Administrative expenses		**(27,543)**	(25,892)
Share of loss of associates		**(3,381)**	(7,035)
Gain on disposal of associates		**73,691**	–
Change in fair value of investment properties		**2,664**	(7,229)
Impairment of goodwill	18	**–**	(114,493)
Finance costs	8	**(10,751)**	(11,216)
Profit (loss) before tax	9	**66,586**	(154,384)
Income tax expense	12	**(1,204)**	(4,304)
Profit (loss) for the year attributable to the equity holders		**65,382**	(158,688)
Earning (loss) per share			
– Basic	13	**4.63 cents**	(11.24 cents)

Consolidated Balance Sheet

At 31 March 2008

	NOTES	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	14	**156,171**	164,401
Prepaid lease payments	15	**10,067**	13,212
Investment properties	16	**–**	30,334
Intangible assets	17	**104**	–
Interests in associates	19	**–**	114,823
Deposits for acquisition of property, plant and equipment and intangible assets		**–**	100
		166,342	322,870
Current assets			
Inventories	21	**21,433**	20,677
Trade and other receivables	22	**301,770**	86,666
Loans to an associate	19	**–**	38,354
Held-for-trading investments	23	**496**	–
Pledged bank deposits	24	**6,992**	–
Bank balances and cash	24	**73,247**	38,071
		403,938	183,768
Current liabilities			
Trade and other payables	25	**60,999**	42,462
Tax liabilities		**1,071**	–
Borrowings	26	**134,262**	82,725
		196,332	125,187
Net current assets		**207,606**	58,581
Total assets less current liabilities		**373,948**	381,451
Capital and reserves			
Share capital	27	**70,572**	70,572
Reserves		**303,376**	227,967
Total equity		**373,948**	298,539
Non-current liability			
Borrowings	26	**–**	82,912
		373,948	381,451

The consolidated financial statements on pages 24 to 71 were approved and authorised for issue by the Board of Directors on 18 July 2008 and are signed on its behalf by:

MR. FENG XIANG CAI
DIRECTOR

MR. LIN DONG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note 29)	PRC statutory reserve funds HK$'000 (Note 29)	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2006	70,572	497,831	92,926	2,116	3,589	(222,196)	444,838
Exchange differences arising on translation to presentation currency, representing net income recognised directly in equity	–	–	–	–	12,389	–	12,389
Loss for the year	–	–	–	–	–	(158,688)	(158,688)
Total recognised income and expense for the year	–	–	–	–	12,389	(158,688)	(146,299)
Transfers	–	–	–	978	–	(978)	–
At 31 March 2007	70,572	497,831	92,926	3,094	15,978	(381,862)	298,539
At 1 April 2007	70,572	497,831	92,926	3,094	15,978	(381,862)	298,539
Exchange differences arising on translation to presentation currency, representing net income recognised directly in equity	–	–	–	–	19,803	–	19,803
Transfer to profit or loss on disposal of associates	–	–	–	–	(9,776)	–	(9,776)
Profit for the year	–	–	–	–	–	65,382	65,382
Total recognised income and expense for the year	–	–	–	–	10,027	65,382	75,409
Transfers	–	–	–	192	–	(192)	–
At 31 March 2008	**70,572**	**497,831**	**92,926**	**3,286**	**26,005**	**(316,672)**	**373,948**

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	NOTES	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
Profit (loss) for the year		**65,382**	(158,688)
Adjustments for:			
Income tax expense		**1,204**	4,304
Share of loss of associates		**3,381**	7,035
Impairment of goodwill		**–**	114,493
Interest income on bank deposits		**(1,049)**	(1,273)
Interest income on loans to an associate		**(2,597)**	(3,216)
Interest income on loans receivable		**(1,525)**	–
Interest expenses		**10,751**	11,216
Depreciation of property, plant and equipment		**19,964**	19,696
Amortisation of intangible assets		**93**	565
Impairment of intangible assets		**–**	186
Prepaid lease payments		**429**	409
Gain on disposal of a subsidiary		**(791)**	–
Gain on disposal of associates		**(73,691)**	–
Change in fair value of investment properties		**(2,664)**	7,229
Change in fair value of held-for-trading investments		**500**	(324)
Loss on disposal of property, plant and equipment		**1,052**	–
Write-down of unclaimed accounts payable		**(1,966)**	–
Allowance (reversal of allowance) for bad and doubtful receivables		**931**	(94)
Operating cash flows before movements in working capital		**19,404**	1,538
Decrease in inventories		**1,264**	694
(Increase) decrease in held-for-trading investments		**(996)**	324
(Increase) decrease in trade and other receivables		**(30,131)**	14,979
Increase in trade and other payables		**34,097**	7,281
Cash from operations		**23,638**	24,816
PRC income tax paid		**(201)**	(676)
Net cash generated from operating activities		**23,437**	24,140

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	NOTES	2008 HK$'000	2007 HK$'000
INVESTING ACTIVITIES			
Interest received		**5,171**	5,717
Purchase of property, plant and equipment		**(6,592)**	(6,744)
Purchase of intangible assets		**(203)**	–
Government grants received in respect of purchase of property, plant and equipment		**1,600**	1,387
Payments for investment properties		**–**	(36,480)
Proceeds from disposal of investment properties		**32,998**	–
Payments for land use rights		**–**	(662)
Proceeds from disposal of property, plant and equipment		**253**	3
Proceeds from disposal of associates		**45,000**	–
Net cash outflow on disposal of a subsidiary	30	**(77)**	–
Loans to an associate		**(1,665)**	–
Increase in pledged bank deposits		**(6,992)**	–
Net cash generated from (used in) investing activities		**69,493**	(36,779)
FINANCING ACTIVITIES			
Interest paid		**(10,751)**	(11,216)
New bank loans raised		**90,644**	101,936
Repayment of bank loans		**(138,197)**	(99,090)
Net cash used in financing activities		**(58,304)**	(8,370)
Net increase (decrease) in cash and cash equivalents		**34,626**	(21,009)
Cash and cash equivalents at beginning of the year		**38,071**	57,796
Effect of foreign exchange rate changes		**550**	1,284
Cash and cash equivalents at end of the year			
Bank balance and cash		**73,247**	38,071

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

1. GENERAL

Asia Resources Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of its annual report.

The Company acts as an investment holding company, while its subsidiaries (hereinafter the Company and its subsidiaries are collectively referred to as the "Group") are principally engaged in the manufacture and sales of pharmaceutical products and involve in properties investment in the People's Republic of China (the "PRC").

The functional currency of the Company is Renminbi ("RMB") which is the currency of the primary economic environment in which the group entities operate. For the purpose of presenting the consolidated financial statements, Hong Kong dollar ("HKD") is used as the presentation currency because the Company's shares are listed on the Stock Exchange in Hong Kong.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Standards and Interpretations effective in current year

In the current year, the Group has applied, for the first time, the following new or revised standard and interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2: Group and treasury share transactions

The adoption of the new HKFRSs had no material effects on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 restrospectively. Certain information presented in prior year under the requirement of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Standards and Interpretations in issue not yet adopted

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 12	Service Concession Arranagements[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009

[2] Effective for annual periods beginning on or after 1 July 2009

[3] Effective for annual periods beginning on or after 1 January 2008

[4] Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods are recognised when goods are delivered and title has passed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental receivable under operating leases are recognised and credited to the consolidated income statement on a straight-line basis over the lease form.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less subsequent depreciation and any identified impairment loss at the balance sheet date.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost of other property, plant and equipment over their estimated useful lives after considering their estimated residual values, using the straight line method, at the following rates per annum:

Buildings	4%
Furniture, fixtures and office equipment	20% – 25%
Leasehold improvements	20% – 50%
Motor vehicles	12½% – 30%
Plant and machinery	6⅔% – 30%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is dereognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land use rights

Interest in leasehold land use rights is accounted for as prepaid lease payment and is amortised over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

The financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Hong Kong dollars, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities with functional currency other than HKD are translated into the presentation currency (i.e. HKD) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as a deduction from the carrying amount of the relevant assets.

Retirement benefit costs

Payments to defined contribution retirement benefit plans (state-managed retirement benefit schemes/ the Mandatory Provident Fund Scheme) are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

Research and development expenditure (continued)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through profit or loss

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, bank balances and cash and loans to an associate) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at each balance sheet date. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, the management has made the following estimation that have the most significant effect in the next financial year on the amounts recognised in the consolidated financial statements:

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i. e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The Group's maximum exposure to financial loss due to failure to discharge an obligation by the debtors is the carrying amount of trade and other receivables as stated in the consolidated balance sheet.

Useful lives of property, plant and equipment

Note 3 describes that depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using straight line method. The estimation of useful lives of the depreciable assets is based on the experience of the Group, and useful lives are reviewed at each balance sheet date based on changes in circumstances.

5. FINANCIAL INSTRUMENTS

5A. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 26, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new shares issues, as well as the issue of new debt or the redemption of existing debt.

5B. Categories of financial instruments

	2008	2007
	HK$'000	HK$'000
Financial assets		
Held-for-trading investments	**496**	–
Loans and receivables (including cash and cash equivalents)	**380,900**	160,554
Financial liabilities		
Amortised cost	**192,207**	204,879

5. FINANCIAL INSTRUMENTS (CONTINUED)

5C. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, held-for-trading investments, bank balances and cash, trade and other payables, and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The Group's operations are mainly in the PRC other than Hong Kong, and the sales and purchases transactions are conducted using RMB, as such the foreign currency risk is minimal. The Group currently has not entered into any contracts to hedge its foreign currency risk. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 26 for details and loans receivable (see note 22 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 26 for details) and bank deposits (see note 24 for details). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider restructure the Group's credit facilities should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of RMB Benchmark Lending Rates ("RBLR") arising from the Group's RMB denominated borrowings.

5. FINANCIAL INSTRUMENTS (CONTINUED)

5C. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk – Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings and bank deposits at the balance sheet date. The analysis is prepared assuming bank balances and the amount of liability outstanding at the balance sheet date were held/outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2008 would increase/decrease by HK$163,000 (2007: decrease/increase by HK$346,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings and bank deposits.

Credit risk

As at 31 March 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is reduced.

In relation to trade receivables, the Group's concentration of credit risk by geographical locations is primarily in PRC. Other than that, the Group does not have any other significant concentration of credit risk as trade receivables consist of a large number of customers.

For other receivables, credit risk is concentrated in three counterparties in the PRC in relation to interest-bearing loans receivable and amount receivable on disposal of associates as disclosed in note 22.

The credit risk on liquid funds is limited because majority of the counterparties are either banks of high credit quality in Hong Kong or state-owned banks in the PRC.

5. FINANCIAL INSTRUMENTS (CONTINUED)

5C. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with the relevant covenants.

Liquidity table

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Within 1 year	1-2 years	Total undiscounted cash flows	Total carrying amount at year end
	%	HK$'000	HK$'000	HK$'000	HK$'000
2008					
Trade and other payables	**–**	**57,945**	**–**	**57,945**	**57,945**
Borrowings	**7.65**	**139,749**	**–**	**139,749**	**134,262**
		197,694	**–**	**197,694**	**192,207**
2007					
Trade and other payables	–	39,242	–	39,242	39,242
Borrowings	7.34	85,503	92,456	177,959	165,637
		124,745	92,456	217,201	204,879

5. FINANCIAL INSTRUMENTS (CONTINUED)

5C. Financial risk management objectives and policies (continued)

Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on The Stock Exchange of Hong Kong Limited. In addition, the management monitors the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 10% higher/lower, the Group's profit for the year ended 31 March 2008 would increase/decrease by HK$50,000 (2007: nil). This is mainly due to the changes in fair value of held-for-trading investments.

5D. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

6. 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 year.

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group is engaged in manufacture and sales of pharmaceutical products, and involves in properties investment in the People's Republic of China (the "PRC"). Accordingly, no geographical analysis of information is presented. The revenue, results and assets of properties investment business accounted for less than 10% of the Group's revenue and results for financial years ended 31 March 2007 and 2008, and total assets as of 31 March 2007. Therefore no business segment information is presented.

8. FINANCE COSTS

	2008 **HK$'000**	2007 HK$'000
Interest on bank loans wholly repayable within five years	**10,751**	11,216

9. PROFIT (LOSS) BEFORE TAX

	2008 HK$'000	2007 HK$'000
Profit (loss) before tax has been arrived at after charging:		
Directors' remuneration (note 10)	**2,854**	2,420
Other staff costs	**14,059**	10,611
Other staff's retirement benefits scheme contributions	**1,597**	1,225
	18,510	14,256
Depreciation of property, plant and equipment	**19,964**	19,696
Amortisation of intangible assets (included in administrative expenses)	**93**	565
Total depreciation and amortisation	**20,057**	20,261
Auditors' remuneration	**700**	600
Prepaid lease payments	**429**	409
Allowance for bad and doubtful receivables	**931**	–
Minimum lease payments under operating leases	**770**	745
Research and development costs	**77**	130
Cost of inventory recognised as an expense	**97,621**	81,110
Impairment of intangible assets	**–**	186
Loss on disposal of property, plant and equipment	**1,052**	–
Reversal of allowance for bad and doubtful receivables	**–**	(94)
And after crediting to other income:		
Change in fair value of held-for-trading investments	**500**	(324)
Gross rental income from investment properties	**(544)**	(1,456)
Less: direct operating expenses from investment properties that generated rental income during the year	**383**	412
	(161)	(1,044)
Interest income on bank deposits	**(1,049)**	(1,273)
Interest income on loans to an associate	**(2,597)**	(3,216)
Interest income on loans receivable	**(1,525)**	–
Total interest income on loans and receivables	**(5,171)**	(4,489)
Gain on disposal of a subsidiary	**(791)**	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

10. DIRECTORS' EMOLUMENTS

The emolument paid or payable to each of the directors were as follow:

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total 2008 HK$'000	Total 2007 HK$'000
Executive directors:					
Mr. Lin Dong	–	1,716	12	**1,728**	1,572
Mr. Feng Xiang Cai	–	420	12	**432**	402
Mr. Yang Jianxin	–	225	7	**232**	–
Ms. Zhang Cheng	–	–	–	**–**	–
Independent non-executive directors:					
Mr. Ngai Sau Chung, Howard	133	–	–	**133**	150
Mr. Lin Ye	171	–	–	**171**	100
Mr. Zhang Xiufu	–	–	–	**–**	–
Mr. Jiang Guoan	158	–	–	**158**	150
Ms. Jin Jane	–	–	–	**–**	21
Mr. Yin Dakui	–	–	–	**–**	25
	462	2,361	31	**2,854**	2,420

11. EMPLOYEES' EMOLUMENTS

The aggregate emoluments of the five highest paid individuals for the year included two (2007: two) executive directors of the Company, whose emoluments are included in note 10 above. The aggregate emoluments of the remaining three (2007: three) highest paid individuals are as follows:

	2008	2007
	HK$'000	HK$'000
Salaries and other benefits	**1,398**	1,269
Retirement benefits scheme contributions	**35**	34
	1,433	1,303

Their emoluments were all within HK$1,000,000.

12. INCOME TAX EXPENSE

	2008	2007
	HK$'000	HK$'000
The PRC enterprise income tax	**1,204**	–
Over provision of the PRC income tax in prior years	**–**	(20)
Deferred tax (note 20)	**–**	4,324
	1,204	4,304

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

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations change the income tax rate from current applicable tax rates to 25% for enterprises in the PRC with effective from 1 January 2008.

12. INCOME TAX EXPENSE (CONTINUED)

The PRC subsidiaries are therefore subject to the PRC Enterprise Income Tax at 33% prior to 1 January 2008 and 25% thereafter. Pursuant to the then relevant laws and regulations in the PRC, the three 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. Another PRC subsidiary will commence its first profit-making year during statutory financial year ending 31 December 2008.

The tax expense for the years are reconciled to the profit(loss) before tax as follows:

	2008 **HK$'000**	2007 HK$'000
Profit (loss) before tax	**66,586**	(154,384)
Tax at the applicable income tax rate of 33% (2007: 33%)	**21,973**	(50,947)
Tax effect of share of loss of associates	**1,116**	2,322
Tax effect of expenses not deductible for tax purposes	**3,427**	42,129
Tax effect of income not taxable for tax purposes	**(24,600)**	(462)
Effect of tax holiday of subsidiaries operating in the PRC	**(1,661)**	(176)
Tax effect of tax losses not recognised	**2,749**	4,063
Utilisation of tax losses previously not recognised	**(4,231)**	(477)
Over provision in respect of prior year	**–**	(20)
Tax effects of other deductible temporary differences not recognised	**2,431**	7,872
Tax charge for the year	**1,204**	4,304

13. EARNING (LOSS) PER SHARE

The calculation of the basic earning (loss) per share is based on the profit for the year attributable to the equity holders of the Company of approximately HK$65,382,000 (2007: loss of HK$158,688,000) over 1,411,440,590 (2007: 1,411,440,590) ordinary shares of the Company in issue during the year.

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 April 2006	80,659	4,261	993	4,200	118,357	910	209,380
Additions	489	1,276	–	509	1,982	1,230	5,486
Disposals	–	(6)	–	–	–	–	(6)
Transfers	627	2	–	–	671	(1,300)	–
Adjustment (note)	–	–	–	–	(1,024)	–	(1,024)
Exchange adjustments	3,670	185	–	142	5,388	41	9,426
At 31 March 2007	85,445	5,718	993	4,851	125,374	881	223,262
Additions	257	1,135	–	1,294	510	598	3,794
Disposals	(9,430)	(183)	–	(645)	(61)	–	(10,319)
Disposal of a subsidiary	–	(36)	–	–	–	–	(36)
Transfers	144	–	–	–	–	(144)	–
Adjustment (note)	(147)	–	–	–	(411)	(14)	(572)
Exchange adjustments	8,345	533	–	370	12,244	86	21,578
At 31 March 2008	**84,614**	**7,167**	**993**	**5,870**	**137,656**	**1,407**	**237,707**
ACCUMULATED DEPRECIATION							
At 1 April 2006	7,735	1,276	993	1,311	25,740	–	37,055
Charge for the year	4,774	1,074	–	923	12,925	–	19,696
Eliminated on disposals	–	(3)	–	–	–	–	(3)
Exchange adjustments	472	77	–	64	1,500	–	2,113
At 31 March 2007	12,981	2,424	993	2,298	40,165	–	58,861
Charge for the year	4,395	1,120	–	928	13,521	–	19,964
Eliminated on disposals	(3,369)	(61)	–	(308)	(27)	–	(3,765)
Eliminated on disposal of a subsidiary	–	(7)	–	–	–	–	(7)
Exchange adjustments	1,325	277	–	192	4,689	–	6,483
At 31 March 2008	15,332	3,753	993	3,110	58,348	–	81,536
CARRYING AMOUNTS							
At 31 March 2008	**69,282**	**3,414**	**–**	**2,760**	**79,308**	**1,407**	**156,171**
At 31 March 2007	72,464	3,294	–	2,553	85,209	881	164,401

Note: During the year, the Group received government grant of HK$572,000 (2007: HK$1,024,000) which was granted as subsidy to purchase certain property, plant and equipment. Accordingly, the government grant has been applied to reduce the cost of the relevant assets.

At the balance sheet date, the Group has pledged certain of its buildings with an aggregate carrying amount of approximately HK$21,055,000 (2007: HK$24,223,000) and plant and machinery amounting to approximately HK$29,085,000 (2007: HK$26,025,000) to certain banks to secure the credit facilities granted to the Group.

15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2008	2007
	HK$'000	HK$'000
Leasehold land outside Hong Kong:		
Medium term lease	**10,359**	13,625
Analysed for reporting purposes as:		
Current portion (included in trade and other receivables)	**292**	413
Non-current portion	**10,067**	13,212
	10,359	13,625

The Group has pledged land use rights having a carrying amount of approximately HK$4,972,000 (2007: HK$12,056,000) to secure bank loans granted to the Group.

16. INVESTMENT PROPERTIES

	HK$'000
Fair value:	
At 1 April 2006	–
Additions	36,480
Net decrease in fair value	(7,229)
Exchange adjustments	1,083
At 31 March 2007	30,334
Net increase in fair value	2,664
Disposals	(32,998)
At 31 March 2008	**–**

During the year, the Group disposed its investment properties for a net consideration of HK$32,998,000.

17. INTANGIBLE ASSETS

	Technical know-how HK$'000
COST	
At 1 April 2006	1,196
Exchange adjustments	54
At 31 March 2007	1,250
Additions	203
Exchange adjustments	122
At 31 March 2008	**1,575**
AMORTISATION AND IMPAIRMENT	
At 1 April 2006	460
Charge for the year	565
Impairment loss recognised	186
Exchange adjustments	39
At 31 March 2007	1,250
Charge for the year	93
Exchange adjustments	128
At 31 March 2008	**1,471**
CARRYING AMOUNTS	
At 31 March 2008	**104**
At 31 March 2007	–

Technical know-how is amortised on a straight line basis over its estimated useful economic life of five years.

18. GOODWILL

	HK$'000
At 1 April 2006	114,493
Impairment loss	(114,493)
At 31 March 2007 and 2008	**–**

Goodwill acquired in a business combination was allocated, at acquisition, to the cash generating units (CGUs) that were expected to benefit from that business combination.

The recoverable amounts of the CGUs were determined from value in use calculations. The key assumptions for the value in use calculations were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the budget period.

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the subsequent years based on an estimated growth rate of 6% and discount rate at 8.5%. The growth rate did not exceed the average long term growth rate for the relevant markets. Management estimated discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The changes in selling prices and direct costs were based on past practices and expectation of future changes in the market.

During the year end 31 March 2007, due to the increased competition in the market, the Group had revised its cash flow forecasts for the CGUs. The CGUs had therefore been reduced to their recoverable amount through recognition of an impairment loss of HK$114,493,000 in profit or loss.

19. INTERESTS IN ASSOCIATES

	2008 **HK$'000**	2007 HK$'000
Cost of unlisted investments in associates	–	120,000
Share of post acquisition losses	–	(10,310)
Exchange adjustments	–	5,133
	–	114,823
Loans to an associate	–	38,354

19. INTERESTS IN ASSOCIATES (CONTINUED)

At 31 March 2007, the amount represented the Group's 30% equity interest in Skyyield Holdings Limited ("Skyyield"), which in turn owned 100% equity interest in Zhejiang Binjiang Construction Co., Ltd. 浙江濱江建設有限公司("Zhejiang Binjiang"). Skyyield is an investment holding company and Zhejiang Binjiang is engaged in property development in the PRC. In December 2007, the Group entered into an agreement (the "Skyyield Agreement") to dispose the Group's 30% equity interest in Skyyield at a total consideration of HK$180,000,000, at which time the Group ceased to have significant influence on Skyyield. The Group received HK$45,000,000 after entering into the Skyyield Agreement during the year.

On 4 July 2008, the Group entered into a supplemental agreement in respect of Skyyield Agreement to extend the last installment payment (HK$135,000,000) date by six months to early January 2009. The acquirer is assessed to be of creditworth with reference to the financial position of the acquirer.

At 31 March 2007, loans to an associate were unsecured and interest bearing at 9% per annum and are due within one year.

Summarised financial information, after fair value adjustment, in respect of the Group's associates is set out below:

	2008	2007
	HK$'000	HK$'000
Total assets	**–**	1,212,496
Total liabilities	**–**	(829,753)
Net assets	**–**	382,743
Group's share of associates' net assets	**–**	114,823
Revenue	**–**	–
Loss for the year	**(11,270)**	(23,450)
Group's share of associates' loss for the year	**(3,381)**	(7,035)

20. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised by the Group and the movements thereon during the current and prior years:

	Allowance for bad and doubtful receivables HK$'000	Accrued expenses HK$'000	Accelerated accounting depreciation HK$'000	Total HK$'000
At 1 April 2006	1,117	1,763	1,360	4,240
Charge to consolidated income statement for the year	(1,139)	(1,798)	(1,387)	(4,324)
Exchange adjustments	22	35	27	84
At 31 March 2007 and 2008	**–**	**–**	**–**	**–**

At the balance sheet date, the Group has unutilised tax losses of HK$53,907,000 (2007: HK$59,548,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Included in the unutilised tax losses are tax losses attributable to subsidiaries in the PRC of approximately HK$2,157,000 (2007: HK$16,188,000) which will gradually expire until 2011 (2007: until 2011). Other tax losses may be carried forward indefinitely.

At balance sheet date, the Group has deductible temporary differences of HK$8,487,000 (2007: HK$34,953,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

21. INVENTORIES

	2008 HK$'000	2007 HK$'000
Raw materials	**1,927**	1,341
Packaging materials and consumables	**6,036**	3,493
Finished goods	**13,470**	15,843
	21,433	20,677

22. TRADE AND OTHER RECEIVABLES

	2008	2007
	HK$'000	HK$'000
Trade receivables	**96,186**	82,706
Less: accumulated impairment	**(8,089)**	(6,501)
	88,097	76,205
Bills receivable discounted/endorsed with recourse	**5,538**	3,628
	93,635	79,833
Amount receivable on disposal of associates (note 19)	**135,000**	–
Loans receivable	**63,818**	–
Other receivables	**9,025**	6,420
Prepaid lease payments (note 15)	**292**	413
	301,770	86,666

Loans receivable are unsecured and bear interest at fixed-rate ranging from 10% to 12% per annum and are due within one year.

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 balance sheet date:

	2008	2007
	HK$'000	HK$'000
0 to 90 days	**63,109**	55,626
91 to 180 days	**19,218**	15,562
181 to 365 days	**8,576**	8,645
1 to 2 years	**2,732**	–
	93,635	79,833

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed periodically. At 31 March 2008, approximately 88% (2007: 89%) of the trade receivables are neither past due nor impaired, and are assessed to be of satisfactory credit quality with reference to the past track records.

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group has provided fully for all receivables over 2 years because historical experience is such that receivables that are past due beyond 2 years are generally not recoverable.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$11,308,000 (2007: HK$8,645,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2008	2007
	HK$'000	HK$'000
181 to 365 days	**8,576**	8,645
1 to 2 years	**2,732**	–
	11,308	8,645

Movement in the allowance for doubtful debts

	2008	2007
	HK$'000	HK$'000
Balance at beginning of the year	**6,501**	6,705
Impairment losses recognised on trade receivables	**931**	–
Amounts written off as uncollectible	**–**	(156)
Impairment losses reversed	**–**	(94)
Exchange adjustments	**657**	46
Balance at end of the year	**8,089**	6,501

Included in the allowance for doubtful debts are all individually impaired trade receivables which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of impaired trade receivables

	2008	2007
	HK$'000	HK$'000
1 to 2 years	**931**	–

Transfer of financial assets

At 31 March 2008, the Group's bills receivable of HK$5,538,000 had been transferred to unrelated suppliers with recourse. As the Group is still exposed to credit risk on these bills receivable, the Group continues to recognise the full carrying amount of the bills receivable and record associated trade payables of HK$5,538,000 in the consolidated balance sheet.

At 31 March 2007, the Group's bills receivable of HK$3,628,000 had been transferred to unrelated suppliers or bank with recourse. The Group continues to recognise the full carrying amount of bills receivable and record associated trade payables and bank borrowings of HK$2,804,000 and HK$824,000 in the consolidated balance sheet respectively.

23. HELD-FOR-TRADING INVESTMENTS

	2008	2007
	HK$'000	HK$'000
Equity securities listed in Hong Kong at fair value	**496**	–

24. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less and carry interest at market rates which range from 1% to 6% (2007: 1% to 4%) per annum during the year.

Included in the bank balances and cash as at 31 March 2008 were amounts in Renminbi of HK$29,985,000 (2007: HK$5,945,000) which are not freely convertible into other currencies.

At the balance sheet date, bank deposits amounting to HK$6,992,000 (2007: nil) have been pledged to secure short-term bank loans and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank loans.

25. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	HK$'000
Trade payables	**20,037**	23,305
Other payables	**40,962**	19,157
	60,999	42,462

The following is an aged analysis of trade payables at the balance sheet date:

	2008	2007
	HK$'000	HK$'000
0 to 90 days	**11,931**	12,147
91 to 180 days	**3,448**	3,313
181 to 365 days	**889**	4,094
Over 365 days	**3,769**	3,751
	20,037	23,305

The average credit period on purchases is 3 months (2007: 3 months).

26. BORROWINGS

	2008	2007
	HK$'000	HK$'000
Bank loans		
– secured	**78,768**	84,934
– unsecured	**55,494**	79,879
Bills receivable discounted with recourse (note 22)	**–**	824
	134,262	165,637
The loans are repayable as follows:		
Within one year	**134,262**	82,725
In the second year	**–**	82,912
	134,262	165,637
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(134,262)**	(82,725)
Amount due for settlement after 12 months	**–**	82,912
Bank loans at:		
– floating interest rates	**43,285**	55,612
– fixed interest rates	**90,977**	109,201
	134,262	164,813

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2008

26. BORROWINGS (CONTINUED)

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

	2008	2007
Bank loans	**6.7% – 8.7%**	5.5% – 11.6%

27. SHARE CAPITAL

	Number of ordinary shares	**Amount**
		HK$'000
Authorised:		
At 31 March 2007 and 31 March 2008, ordinary shares of HK$0.05 each	10,000,000,000	500,000
Issued and fully paid:		
At 31 March 2007 and 31 March 2008, ordinary shares of HK$0.05 each	1,411,440,590	70,572

28. SHARE OPTIONS

The Company's share options scheme (the "Scheme") adopted on 14 January 2002 for the purposes of recognition of significant contribution of and for the provision of incentives to any directors, employees (whether full-time or part-time), consultants, customers, suppliers, agents, partners or advisors of or contractors to the Group or affiliates ("Eligible Persons") will expire on 13 January 2012. Under the terms of the Scheme, the board of directors of the Company may for a notional consideration of HK$1 grant options to the Eligible Persons to subscribe for shares in the Company at a price no less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the option; and (iii) the nominal value of the Company's shares. Options granted under the Scheme must be taken up within 21 business days from the date on which the offer is made by returning a written acceptance of the offer signed by the Eligible Persons together with the payment of HK$1 per option (the "Acceptance Conditions"). Options granted and accepted may be exercised at any time for 10 years commencing on the date on which an option is accepted in accordance with the Acceptance Conditions under the Scheme (the "Option Period"). Options granted under the Scheme will be exercisable in the Option Period notwithstanding that the scheme period of the Scheme may have expired. The Scheme does not prescribe any minimum period for which an option must be held before it can be exercised and has not specified that the exercise of an option is subject to any performance target.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 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 to renew the Limit (the "Refreshed Scheme Limit"), the Refreshed Scheme Limit as at 31 March 2008 is 141,144,059.

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

No options have been granted by the Company under the Scheme since its adoption.

29. RESERVES

Details of the movements of the Group's reserves are set out in the consolidated statement of changes in equity on page 26.

Special reserve

The special reserve of the Group represents the excess of the nominal amount of the shares of the subsidiaries at the date of the group reorganisation over the nominal amount of the shares issued by the Company as consideration for the acquisition of the subsidiaries.

Statutory reserve

As stipulated by the relevant laws and regulations for foreign investment in the PRC, the Company's PRC subsidiaries are required to maintain two statutory reserves, being a statutory reserve fund and an enterprise expansion fund (collectively referred to as the "PRC statutory reserve funds"), which are non-distributable. The statutory surplus reserve fund may be used to make up prior year losses incurred and, with approval from relevant government authority, to increase capital. The enterprise expansion fund, subject to approval by relevant government authority, may also be used to increase capital.

30. DISPOSAL OF A SUBSIDIARY

During the year, the Group disposed its entire equity interest in 北京博瑞企業管理有限公司 (Beijing Borui Corporate Management Co., Ltd.) ("Beijing Borui"). The net liabilities of Beijing Borui at the date of disposal are as follows:

	2008 **HK$'000**
Property, plant and equipment	**29**
Receivables	**2,011**
Bank balances and cash	**77**
Payables	**(2,908)**
	(791)
Gain on disposal	**791**
Consideration	**–**
Net cash outflow arising on disposal:	
Cash consideration	**–**
Bank balances and cash disposed of	**(77)**
	(77)

Beijing Borui did not have any significant impact on the Group's cash flows, revenue and operating results in current and previous years.

31. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group is committed to make the following future minimum lease payments for office property rented under non-cancellable operating leases which fall due as follows:

	2008 **HK$'000**	2007 HK$'000
Within one year	**1,056**	706
In the second year	**1,056**	–
	2,112	706

A lease is negotiated for 2 years and rentals are fixed throughout the lease term.

32. CAPITAL COMMITMENTS

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

	2008 **HK$'000**	2007 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**628**	175

33. RETIREMENT BENEFITS SCHEMES

The Group's qualifying employees in Hong Kong participate in the Mandatory Provident Fund (the "MPF") in Hong Kong. The assets of the MPF are held separately from those of the Group in funds under the control of trustee. The Group and each of the employees make monthly mandatory contributions to the MPF scheme.

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The total expense recognised in the consolidated income statement of HK$1,628,000 (2007: HK$1,249,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

34. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Other than those disclosed in note 19, details of transactions between the Group and other related parties are disclosed below.

Transactions

During the year, group entities entered into the following related party transactions:

	2008 **HK$'000**	2007 HK$'000
Interest income on loans to an associate	**2,597**	3,216

34. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

The remuneration of directors during the year was as follows:

	2008 HK$'000	2007 HK$'000
Short-term benefits	**2,823**	2,396
Post employment benefits	**31**	24
	2,854	2,420

35. SUBSIDIARIES

Details of the Company's subsidiaries, all of which are wholly owned by the Company, at 31 March 2008 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operation	Nominal value of issued and fully paid share/ registered capital	Proportion ownership interest held by the Company	Principal activity
China Value Assets Limited (note a)	British Virgin Islands	US$1	100%	Investment holding
Merit Development Limited (note a)	British Virgin Islands	US$1	100%	Investment holding
Bestime Systems Limited	British Virgin Islands	US$1	100%	Investment holding
Billion Source Investments Limited	British Virgin Islands	US$2	100%	Investment holding
Bright Central Investments Limited	British Virgin Islands	US$20,000	100%	Investment holding
Man Lee Management Limited	Hong Kong	HK$2	100%	Management services

35. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation or establishment/ operation	Nominal value of issued and fully paid share/ registered capital	Proportion ownership interest held by the Company	Principal activity
Silver Epoch Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Value Brilliant Investments Limited	British Virgin Islands	US$30,000	100%	Investment holding
四平巨能藥業有限公司 (Siping Ju Neng Medicine Industry Co., Ltd.) (Note b)	PRC	RMB55,350,000	100%	Manufacture and sales of pharmaceutical products
浙江巨能樂斯藥業有限公司 (Zhejiang Juneng Rosi Pharmaceutical Co., Ltd.) (Note b)	PRC	RMB33,333,300	100%	Manufacture and sales of pharmaceutical products
四平亞太藥業有限公司 (Siping Yatai Medicine Industry Co., Ltd.) (Note b)	PRC	RMB50,000,000	100%	Manufacture and sales of pharmaceutical products

Notes:

(a) Directly held by the Company.

(b) Wholly foreign owned enterprises established in the PRC.

The Company holds 100% voting power of all subsidiaries listed above. None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

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36. SUMMARISED BALANCE SHEET INFORMATION OF THE COMPANY

Summarised balance sheet information of the Company at the balance sheet date includes:

	2008	2007
	HK$'000	HK$'000
Interests in subsidiaries	**147,478**	128,415
Accounts receivable	**39**	39
Amounts due from subsidiaries	**151,366**	172,709
Bank balances and cash	**14**	13
	298,897	301,176
Accounts payable	**(1,132)**	(1,146)
Net assets	**297,765**	300,030
Share capital (note 27)	**70,572**	70,572
Reserves	**227,193**	229,458
Total equity	**297,765**	300,030

Loss of the Company for current year amounted to HK$2,265,000 (2007: HK$267,467,000).

Financial Summary

	Year ended 31 March				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Revenue	91,346	124,191	117,954	132,415	**170,445**
Profit (loss) before tax	15,244	23,670	(183,552)	(154,384)	**66,586**
Tax credit (charge)	830	(3,683)	866	(4,304)	**(1,204)**
Profit (loss) for the year	16,074	19,987	(182,686)	(158,688)	**65,382**
Attributable to:					
Equity holders of the Company	12,433	20,389	(182,686)	(158,688)	**65,382**
Minority interests	3,641	(402)	–	–	**–**
	16,074	19,987	(182,686)	(158,688)	**65,382**

	As at 31st March				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	294,058	742,024	634,724	506,638	**570,280**
Total liabilities	(57,955)	(118,089)	(189,886)	(208,099)	**(196,332)**
Minority interests	(15,277)	–	–	–	**–**
Shareholders' funds	220,826	623,935	444,838	298,539	**373,948**