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Asia Resources Holdings Limited

亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code : 899)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The Board of Directors (the “Board”) of Asia Resources Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2009 together with the comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Revenue	2	167,718	170,445
Cost of sales		(98,883)	(98,082)
Gross profit		68,835	72,363
Other revenue	3	5,718	5,715
Other gain	4	23,185	3,071
Distribution and selling expenses		(47,895)	(49,243)
Administrative expenses		(31,747)	(26,612)
Other expenses	5	(27,049)	(931)
Share of loss of associates		-	(3,381)
Gain on disposal of associates		-	73,691
Fair value change on investment properties		-	2,664
Finance costs		(10,077)	(10,751)
(Loss)/profit before tax	6	(19,030)	66,586
Income tax expense	7	(2,094)	(1,204)
(Loss)/profit for the year attributable to the equity holders of the Company		(21,124)	65,382
(Loss)/earnings per share		HK cents	HK cents
– Basic and diluted	8	(1.50)	4.63

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Property, plant and equipment		117,232	156,171
Prepaid lease payments		6,185	10,067
Intangible assets		65	104
Deposits for acquisition of property, plant and equipment		10,028	-
		<u>133,510</u>	<u>166,342</u>
Current assets			
Inventories		25,592	21,433
Trade and bills receivables	9	64,347	93,635
Prepayments, deposits and other receivables		241,093	208,135
Financial assets at fair value through profit or loss		215	496
Pledged bank deposits		11,338	6,992
Bank balances and cash		23,958	73,247
		<u>366,543</u>	<u>403,938</u>
Current liabilities			
Trade payables	10	15,179	20,037
Other payables and accruals		16,546	40,962
Tax liabilities		2,432	1,071
Bank borrowings		109,070	134,262
		<u>143,227</u>	<u>196,332</u>
Net current assets		<u>223,316</u>	<u>207,606</u>
Total assets less current liabilities		<u>356,826</u>	<u>373,948</u>
Capital and reserves			
Share capital		70,572	70,572
Reserves		280,982	303,376
Total equity		<u>351,554</u>	<u>373,948</u>
Non-current liability			
Bank borrowings		5,272	-
		<u>356,826</u>	<u>373,948</u>

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible Hedged items ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ³
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁵
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁷
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners ⁴
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁸

- 1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- 2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and January 2010, as appropriate
- 3 Effective for annual periods beginning on or after 1 January 2009
- 4 Effective for annual periods beginning on or after 1 July 2009
- 5 Effective for annual periods ending on or after 30 June 2009
- 6 Effective for annual periods beginning on or after 1 July 2008
- 7 Effective for annual periods beginning on or after 1 October 2008
- 8 Effective for transfers of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. REVENUE AND SEGMENT INFORMATION

The Group is engaged in manufacture and sales of pharmaceutical products. The Group was also engaged in property investment in 2008 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 2009 and 2008, and total assets as of 31 March 2009 and 2008. Therefore no business segment information is presented.

3. OTHER REVENUE

	2009 HK\$'000	2008 HK\$'000
Interest income on bank deposits	763	1,049
Interest income on loans to an associate	-	2,597
Interest income on loan receivables	4,913	1,525
Rental income from investment properties	-	544
Dividend income	41	-
Sundry income	1	-
	<u>5,718</u>	<u>5,715</u>

4. OTHER GAIN

	2009 HK\$'000	2008 HK\$'000
Gain on disposal of a subsidiary	-	791
Waive of trade payables	14	1,891
Exchange gain	5,224	25
Gain on disposal of property, plant and equipment	16,094	-
Reversal of impairment loss recognised in respect of trade receivables	1,596	-
Gain on disposal of financial assets at fair value through profit or loss	-	59
Others	257	305
	<u>23,185</u>	<u>3,071</u>

5. OTHER EXPENSES

	2009 HK\$'000	2008 HK\$'000
Impairment loss recognised in respect of property, plant and equipment	19,055	-
Impairment loss recognised in respect of trade receivables	7,994	931
	<u>27,049</u>	<u>931</u>

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging:

	2009 HK\$'000	2008 HK\$'000
Depreciation of property, plant and equipment	24,233	19,964
Amortization of intangible assets (included in administrative expenses)	41	93
Staff costs (included directors' remuneration)	26,225	18,510
Interest on bank loans wholly repayable within five years	10,077	10,751
Prepaid lease payment	298	429
Fair value change on financial assets at fair value through profit or loss	281	559

7. INCOME TAX EXPENSE

	2009 HK\$'000	2008 HK\$'000
The PRC enterprise income tax	1,935	1,204
Under provision of the PRC income tax in prior years	159	-
	<u>2,094</u>	<u>1,204</u>

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.

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 two qualified PRC subsidiaries were entitled to exemption from PRC income tax for two years commencing from its first profit-making year of operation and thereafter it will be entitled to a 50% relief from PRC income tax for the following three years. The first profit-making year of two PRC subsidiaries were the statutory financial year ended 31 December 2002 and 2005 respectively.

8. (LOSS)/EARNINGS PER SHARE

Basic and diluted(loss)/earnings per share

The calculation of the basic loss per share is based on the loss attributable to the equity holders of the Company of approximately HK\$21,124,000 (2008: profit of HK\$65,382,000) over 1,411,440,590 (2008: 1,411,440,590) ordinary shares of the Company in issue during the year. The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

9. TRADE AND BILLS RECEIVABLES

	2009	2008
	HK\$'000	HK\$'000
Trade receivables	76,298	96,186
Less: accumulated impairment	<u>(14,334)</u>	<u>(8,089)</u>
	61,964	88,097
Bills receivable discounted/endorsed with recourse	<u>2,383</u>	<u>5,538</u>
	<u><u>64,347</u></u>	<u><u>93,635</u></u>

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

	2009	2008
	HK\$'000	HK\$'000
0 to 90 days	39,722	63,109
91 to 180 days	15,629	19,218
181 to 365 days	8,054	8,576
1 to 2 years	<u>942</u>	<u>2,732</u>
	<u><u>64,347</u></u>	<u><u>93,635</u></u>

10. TRADE PAYABLES

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

	2009 HK\$'000	2008 HK\$'000
0 to 90 days	10,085	11,931
91 to 180 days	1,266	3,448
181 to 365 days	2,519	889
Over 365 days	1,309	3,769
	<u>15,179</u>	<u>20,037</u>

The average credit period on purchases is 3 months (2008: 3 months).

DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 March 2009 (2008: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will not be closed.

BUSINESS REVIEW

In the year, the Group recorded a revenue of HK\$167,718,000 (2008: HK\$170,445,000), which represented a slightly decrease of about 1.6% as compared to previous year. The loss attributable to shareholders for the year amounted to HK\$21,124,000 (2008: profit of 65,382,000).

During the year under review, due to the steady price in the intravenous fluid market and the effectiveness of the Group's cost control measures, gross profit margin for the year reached 41% (2008: 42%), similar to that of last year.

Profit for the year decreased significantly by approximately HK\$86,506,000 as the Group disposed some of its investments in last year. In last year, the Group disposed its associates which engaged in properties development in the PRC and its investment properties in Beijing. As a result, the gain on the above disposals was approximately HK\$73,691,000 and approximately HK\$2,664,000 respectively was recognized in last year. In addition, the share of loss of associates of the Group was approximately HK\$3,381,000 in last year. For the year, the Group will not share of any loss of the associates following its disposal. The above three extraordinary items contributed a net income of approximately HK\$72,974,000 to the Group in last year. Loss for the last year should be approximately HK\$7,592,000 if those three extraordinary items was excluded.

The increase in loss for the year was mainly due to the increase of other expense by approximately HK\$26,118,000. In order to expand our production capacity, the Group restructures its production plants in the PRC which required the clearance of part of its existing production plants. As a result, the Group valued its fixed assets and recognized an impairment loss of approximately HK\$19,055,000 during the year. In addition, the Group considered trade receivables of approximately HK\$7,994,000 to be irrecoverable and impairment loss was recognised.

ACQUISITION

On 3 December 2008, 5 January 2009 and 2 February 2009, the Group has entered into a conditional sale and purchase agreement and supplemental agreements (collectively referred as the “Acquisition Agreement”) to acquire the entire issues share capital in Tian Sheng Resources Development Limited (“Tian Sheng”). The main asset of Tian Sheng is the entire equity interest in a Mongolia subsidiary which principally engaged in conducting mining work for iron resources in Mongolia at consideration of HK\$300,000,000. Under the Acquisition Agreement, the consideration shall be settled by (i) HK\$70,000,000 in cash and (ii) HK\$230,000,000 by the Company’s issue to Boa Fung Investments Limited of promissory notes. For further details, please refer to the Company’s circular date 31 March 2009. The acquisition was completed on 3 June 2009.

PROSPECTS

Following the commencement of the Group’s restructuring of production plants, its production capacity will increase significantly. It is expected that the Group will be able to further enhance its market share and profit contribution through restructuring of its production equipments, optimizing production process and strengthening quality control.

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

In view of the above, the Company therefore takes initiative in identifying business opportunities in new emerging industries that will broaden the revenue sources of the Group. The Directors consider the diversification of business into new areas of high-growth potential will be in the best interest of the Company and its Shareholders. The Directors therefore believe that the Acquisition offers the Group with a good opportunity to diversify into the natural resources mining business that has good future prospect.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2009, the Group had total assets of HK\$500,053,000 (2008: HK\$570,280,000) which was financed by current liabilities of HK\$143,227,000 (2008: HK\$196,332,000), long term liability of HK\$5,272,000 (2008: Nil) and shareholders' equity of HK\$351,554,000 (2008: HK\$373,948,000).

The Group's current ratio as at 31 March 2009 was approximately 2.56 (2008: 2.06) and gearing ratio, representing the total borrowings divided by the shareholders' equity was approximately 32.53% (2008: 35.90%). The total outstanding borrowings of the Group as at 31 March 2009 were denominated in Renminbi, about 42% (2008: 32%) borrowings was interest-bearing with variable rates while interest of the remaining balances was calculated on fixed interest rates.

As at 31 March 2009, certain buildings with aggregate carrying amount of approximately HK\$20,826,000 (2008: HK\$21,055,000), plant and machinery amounting to approximately HK\$11,915,000 (2008: HK\$29,085,000), land use rights amount of HK\$6,404,000 (2008: HK\$4,972,000) and bank deposits amount of approximately HK\$11,338,000 (2008: HK\$6,992,000) had been pledged to secure banking facilities granted to the Group.

As at 31 March 2009, except for the capital commitment of acquisitions of non-currents assets amounting to HK\$15,544,000, the Group had no other material capital commitment and contingent liabilities.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong Dollars and Renminbi 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 839 employees in Hong Kong and the PRC as at 31 March 2009. Remuneration packages are generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits and sponsored employees in different training and continuous education programs.

PURCHASE, SALE OR REDEMPTION OF 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.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). The audit committee comprises all independent non-executive directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of interim and annual financial statements.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the “CG Code”) of the Listing Rules through the adoption of relevant practices and procedures during the year, except for the following:

- (i) The former chairman of the Board was not able to attend the 2008 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 his behalf; and
- (ii) None of the independent non-executive directors were appointed for a specific term, but they are subject to the retirement by rotation and re-election for every three years at the annual general meeting pursuant to the Bye-law of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Having made specific enquiry with all directors, all directors confirmed that they had complied with the required standard set out in the Model Code.

PUBLICATION OF RESULTS AND ANNUAL REPORT

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

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

Hong Kong, 24 July 2009

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

** For identification purpose only*