THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asia Resources Holdings Limited (the "Company"), you should at once hand this prospectus and the accompanying forms of application (together, the "Prospectus Documents") to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). A copy of each of the Prospectus Documents has been or will as soon as practicable be filed with the Registrar of Companies in Bermuda pursuant to the Companies Act 1981 of Bermuda (as amended). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents. Dealings in the securities of the Company may be settled through CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares (as defined herein) on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares or such other dates as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

PROPOSED OPEN OFFER OF 1,015,300,295 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

Underwriter

聯發證券有限公司
LUEN FAT SECURITIES CO. LTD.

The latest time for application and payment for the Offer Shares is 4:00 p.m. (Hong Kong time) on Tuesday, 13 April 2010. The procedures for application of the Offer Shares and application for the excess Offer Shares are set out on pages 26 to 28 of this prospectus.

The Shares (as defined herein) have been dealt with on an ex-entitlement basis since Wednesday, 17 March 2010. Such dealings in the Shares will take place whilst the conditions to which the Open Offer is subject remain unfulfilled. A person dealing in Shares on an ex-entitlement basis will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders contemplating any dealings in the Shares are recommended to consult with their own professional advisers if they are in any doubt.

The Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company served prior to 4:00 p.m. on Friday, 16 April 2010 to terminate the Underwriting Agreement on the occurrence of certain events as set out in the section headed "Termination of the Underwriting Agreement" on pages 16 to 17 of this prospectus.

If the Underwriter terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement are not fulfilled (or waived by the Underwriter) in accordance with the terms thereof, the Open Offer will not proceed. Shareholders should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

25 March 2010

* *For identification purposes only*

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EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

Event	*2010*
Latest time for payment for and acceptance of the Offer Shares	4:00 p.m. on Tuesday, 13 April
Latest time for the Open Offer to become unconditional	4:00 p.m. on Friday, 16 April
Announcement of results of the Open Offer	Friday, 16 April
Despatch of refund cheques in respect of wholly and partially unsuccessful excess applications If the Open Offer is terminated, refund cheques to be dispatched on or before	Monday, 19 April
Share certificates of the Offer Shares to be posted	Monday, 19 April
Dealings in fully-paid Offer Shares commences	Wednesday, 21 April

All times and dates in this Prospectus refer to Hong Kong times and dates. Dates stated in this Prospectus for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced by the Company as and when appropriate.

EFFECT OF THE BAD WEATHER IN THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE OFFER SHARES

The latest time for acceptance of and payment for offer shares will not take place if there is:

– tropical cyclone warning signal number 8 or above, or

– a "black" rainstorm warning

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 13 April 2010. Instead the latest time for acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day;

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 13 April 2010. Instead the latest time for acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Tuesday, 13 April 2010, the dates mentioned in the section headed "Expected timetable" of the Open Offer may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriting may by notice in writing to the Company given served prior to the Latest Time for Termination, to terminate the Underwriting Agreement or such later time as the Company or the Underwriter may agree, terminate the Underwriting Agreement, if any of the following grounds of termination happens:

(1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement in relation to the Open Offer dated 3 March 2010, the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriter; or

(2) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition 1"	the acquisitions of iron mining business as disclosed in the announcement of the Company dated 2 February 2009 and completed on 3 June 2009
"Acquisition 2"	the acquisitions of iron mining business as disclosed in the announcement of the Company dated 3 November 2009 and yet completed
"Acquisition 3"	the acquisitions of iron mining business as disclosed in the announcement of the Company dated 14 January 2010 and yet completed
"Acquisitions"	together, the Acquisition 1, the Acquisition 2 and the Acquisition 3
"Application Form(s)"	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Companies Act"	the Companies Act 1981 of Bermuda (as amended from time to time)
"Company"	Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
"Director(s)"	director(s) of the Company

"Excess Application Form(s)"	the form of application for excess Offer Shares
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Last Trading Day"	4 March 2010, being the last trading day of the Shares on the Stock Exchange prior to the release of the announcement in relation to the Open Offer
"Latest Practicable Date"	23 March 2010, being the latest practicable date prior to the printing of this Prospectus for ascertaining information for inclusion in this Prospectus
"Latest Time for Acceptance"	4:00 p.m. on Tuesday, 13 April 2010 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
"Latest Time for Termination"	4:00 p.m. on the third Business Day after the Latest Time for Acceptance or such other time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Offer Share(s)"	1,015,300,295 new Shares proposed to be offered to the Qualifying Shareholders to subscribe pursuant to the Open Offer
"Open Offer"	the proposed issue of the Offer Shares to the Qualifying Shareholders at the Subscription Price on the basis of one Offer Share for every two Shares held on the Record Date on the terms pursuant to the Prospectus Documents and summarized herein
"Posting Date"	Thursday, 25 March 2010 or such later date as may be agreed between the Underwriter and the Company, for the despatch of the Prospectus Documents

"Prohibited Shareholders"	Shareholder(s) whose names appear on the register of members of the Company on the Record Date and whose addresses are in places outside Hong Kong and to whom the Directors are of the view that it would be necessary or expedient to exclude from the Open Offer on account either of the legal restrictions under the laws of the places of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place
"Prospectus"	this prospectus containing details of the Open Offer
"Prospectus Documents"	the Prospectus, the Application Form(s) and the Excess Application Form(s)
"Qualifying Shareholders"	the Shareholders other than the Prohibited Shareholders and whose names appear on the register of members of the Company on the Record Date
"Record Date"	Tuesday, 23 March 2010 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
"Registrar"	Tricor Secretaries Limited, the Hong Kong branch share registrar and transfer office of the Company
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	existing issued share(s) of HK$0.05 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Shares
"Share Option Scheme"	the share option scheme adopted by the Company and became effective on adopted on 14 January 2002
"Share Options"	options to subscribe for Shares granted under the Share Option Scheme
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription Price"	the subscription price of HK$0.13 per Offer Share under the Open Offer
"Underwriter"	Luen Fat Securities Company Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, and an independent third party to the Company and its connected persons
"Underwriting Agreement"	the underwriting agreement dated 4 March 2010 entered into by the Underwriter and the Company in relation to the Open Offer
"Underwritten Shares"	1,015,300,295 Offer Shares
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

SUMMARY OF THE OPEN OFFER

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

Basis of the Open Offer:	One (1) Offer Share for every two (2) Shares held on the Record Date.
Subscription Price:	HK$0.13 for each Offer Share.
Number of Shares in issue as at the Latest Practicable Date:	2,030,600,590 Shares.
Number of Offer Shares:	1,015,300,295 Offer Shares, representing 50.00% of the existing issued share capital of the Company and approximately 33.33% of the enlarged issued share capital of the Company immediately upon the completion of the Open Offer. The aggregate nominal value of the Offer Shares is HK$50,765,014.75.
Amount to be raised by the Open Offer:	Approximately HK$131.99 million (before expenses)
Basis of entitlement:	Offer Shares will be allotted in the proportion of one (1) Offer Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date. No Offer Share will be offered to the Prohibited Shareholders.
Right of excess application:	The Qualifying Shareholders will have the right to apply for excess Offer Shares.
Underwriter:	Luen Fat Securities Company Limited, an independent third party to the Company and its connected persons.
Maximum number of Underwritten Shares:	1,015,300,295 Offer Shares.

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

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

Executive Directors:
Mr. Chim Kim Lun, Ricky
Mr. Chan Sung Wai
Mr. Chan Hou Kong
Mr. Danny Sun
Ms. Lee Yang
Mr. Wong King Lam Joseph

Independent non-executive Directors:
Mr. Yiu Fai Ming
Mr. Zhang Xianlin
Mr. Tse Yuk Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:
Unit 3404, 34th Floor
Bank of America Tower
12 Harcourt Road
Hong Kong

25 March 2010

To the Shareholders and, for information only, the Prohibited Shareholders and the holders of the Share Options

Dear Sir or Madam,

PROPOSED OPEN OFFER OF 1,015,300,295 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

INTRODUCTION

On 4 March 2010, the Company Proposed to raise approximately HK$131.99 million (before expenses) by way of an open offer of 1,015,300,295 Offer Shares at a price of HK$0.13 per Share, payable in full upon application, on the basis of one Offer Share for every two Shares held on the Record Date.

The purpose of this Prospectus is to provide you with, among other things, further details of (i) the Open Offer; (ii) financial information of the Group; and (iii) general information of the Group.

* *For identification purposes only*

OPEN OFFER

Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every two (2) Shares held on the Record Date.
Subscription Price:	HK$0.13 for each Offer Share.
Number of Shares in issue as at the date of announcement:	2,030,600,590 Shares.
Number of Offer Shares:	1,015,300,295 Offer Shares. The aggregate nominal value of the Offer Shares is HK$50,765,014.75.
Underwriter:	Luen Fat Securities Company Limited, an independent third party to the Company and its connected persons.
Maximum number of Underwritten Shares:	1,015,300,295 Offer Shares.

As at the Record Date and as at Latest Practicable Date, the Company has no outstanding Share Options and other outstanding underlying securities that are convertible into Shares. The 1,015,300,295 Offer Shares to be allotted and issued under the Open Offer, representing 50.00% of the existing issued share capital of the Company and approximately 33.33% of the enlarged issued share capital of the Company immediately upon the completion of the Open Offer.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will send copies of the Prospectus to the Prohibited Shareholders for their information only.

To qualify for the Open Offer, Qualifying Shareholders must be registered as members of the Company on the Record Date and not be Prohibited Shareholders.

In order to be registered as a member of the Company on the Record Date, all transfer of Shares must be lodged for registration with the Registrar, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Thursday, 18 March 2010.

Closure of register of members

The register of members of the Company in Hong Kong was closed from Friday, 19 March 2010 to Tuesday, 23 March 2010 (both dates inclusive) to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares was registered during this period.

Subscription Price

The Subscription Price for the Offer Shares is HK$0.13 per Offer Share, payable in full upon application for the Offer Shares and (where applicable) application for excess Offer Shares under the Open Offer. The net Subscription Price per Offer Shares (after deducting the commission fees) will be approximately HK$0.1261. The Subscription Price represents:

(i) a discount of approximately 44.44% to the closing price of HK$0.234 per Share as quoted on the Stock Exchange on 4 March 2010, being the Last Trading Day;

(ii) a discount of approximately 34.67% to the theoretical ex-entitlements price of approximately HK$0.199 per Share based on the closing price of HK$0.234 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 45.92% to the average closing price of approximately HK$0.2404 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 44.72% to the average closing price of approximately HK$0.2352 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and

(v) a discount of approximately 27.78% to the closing price of HK$0.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Shares. The Directors consider the discount on the Subscription Price as compared to the recent market prices could enhance the attractiveness of the Open Offer to the Shareholders. Meanwhile, each Qualifying Shareholders is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. Accordingly, the Directors (including the independent non-executive Directors) consider that terms of the Open Offer (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid in respect thereof on or after the date of allotment and issue of such Offer Shares.

Certificates for the Offer Shares and refund cheques

Subject to the fulfillment of the conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer" below, share certificates for the Offer Shares to those Qualifying Shareholders who have validly applied and fully paid for the Offer Shares and, if any, refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares (if any) are expected to be posted on or before Monday, 19 April 2010 by ordinary post at their own risks.

Rights of Prohibited Shareholders

The Prospectus Documents are not registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. To determine the identities of the Prohibited Shareholders and in compliance with the relevant GEM Listing Rules, the Company has made necessary enquiries regarding the legal restrictions, if any, under the laws of the relevant jurisdictions and will only exclude the Prohibited Shareholders for the Open Offer if it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place after making relevant enquiries. The Company has sent the Prospectus to Prohibited Shareholders for their information only. No Application Form has been sent to the Prohibited Shareholders.

As at the close of business on the Record Date, there were 5 overseas Shareholder whose registered addresses are in the British Virgin Islands, the PRC and the United Kingdom respectively.

The Directors have been advised by its legal advisers that it would be lawful for the Company to offer the Offer Shares to the Shareholder with registered address in the British Virgin Islands, the PRC and the United Kingdom even though the Prospectus Documents are not registered in that relevant jurisdiction.

Fractions of the Offer Shares

No fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Odd lots arrangements

The Company has agreed to procure the Underwriter to arrange for matching services regarding the sale and purchase of odd lots of Offer Shares from Wednesday, 21 April 2010 to Wednesday, 28 April 2010 (both days inclusive). Shareholders of odd lots of the Offer Shares may contact Ms. Jenny Fung of the Underwriter (telephone number: 2978-5108) during the aforesaid period.

Application for excess Offer Shares

Qualifying Shareholders are entitled to apply for, any unsold entitlements of the Prohibited Shareholders and any Offer Shares not taken up by the Qualifying Shareholders by completing the Excess Application Forms and lodging the same with a separate remittance for the excess Offer Shares being applied for. The Directors will allocate the excess Offer Shares at their sole discretion on a fair and reasonable basis, in proportion to the number of excess Offer Shares being applied for under each application, except that preference will be given to applications for less than a board lot of Offer Shares where they appear to the Directors that such applications are made to round up odd lots holdings to whole board lots holdings and that such applications are not made with intention to abuse this mechanism.

The Board will regard a nominee company as a single Shareholder under the top-up arrangement of giving preference to applicants with less than one board lot by rounding it up to a whole board lot in respect the application for the excess Offer Shares. Accordingly, the top-up arrangement in relation to the allocation of excess rights will not be extended to the beneficial owners individually. Beneficial owners who hold their shares through a nominee company are advised to consider whether they would like to arrange registration of their shares in their own names prior to the book close period.

Any Offer Share that is not taken up by the Qualifying Shareholders will be taken up by the Underwriter after the Latest Time for Termination.

As at the Latest Practicable Date, the Board has not received any information from any substantial shareholders of their intention to take up its/his assured allotment.

Application for listing

The Company has applied to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have the same board lot size of 10,000 Shares per board lot.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

THE UNDERWRITING AGREEMENT

Date:	4 March 2010
Underwriter:	Luen Fat Securities Company Limited, an independent third party to the Company and its connected persons.
Number of Offer Shares underwritten:	1,015,300,295 Offer Shares
Commission:	2.5% of the aggregate Subscription Price in respect of the maximum number of Offer Shares underwritten by the Underwriter

The underwriting commission is determined at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market rate. The Directors (including the independent non-executive Directors) considers the underwriting commission is fair and reasonable to the Company and the Shareholders as a whole.

Termination of the Underwriting Agreement

The Underwriting may by notice in writing to the Company given served prior to the Latest Time for Termination, to terminate the Underwriting Agreement or such later time as the Company or the Underwriter may agree, terminate the Underwriting Agreement, if any of the following grounds of termination happens:

(1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement in relation to the Open Offer dated 4 March 2010, the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriter; or

(2) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

WARNING OF RISKS OF DEALING IN SHARES

If the Underwriter terminates the Underwriting Agreement (details are set out in the paragraph headed "Termination of the Underwriting Agreement" or the conditions of the Open Offer set out in the paragraph headed "Conditions of the Open Offer" are not fulfilled, the Open Offer will not proceed.

Shareholders and potential investors are therefore advised to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Conditions of the Open Offer

Completion of the Open Offer is conditional upon the fulfillment of each of the following conditions:

(1) the filing with the Registrar of Companies in Bermuda one copy of the Prospectus Documents duly signed by either all Directors or one of the Directors (for and on behalf of all the Directors) (and all other documents to be attached thereto) and otherwise in compliance with the Companies Act;

(2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;

(3) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus if required by and a letter in the Listing Rules, and a letter to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;

(4) the Listing Division of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;

(5) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and

(6) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Offer Shares.

The Company may at any time by notice in writing to the Underwriter to waive the condition (5) set out in the above. Save and except the condition (5) set out in the above, the other conditions are incapable of being waived. If the conditions are not satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Termination (or such other time and date as stipulated in all the conditions in the above) or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, the Company has made an application to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The above conditions (1), (2) and (3) are expected to be fulfilled on the Prospectus Posting Date.

If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

Shareholding structure of the Company

The shareholding structure of the Company immediately before and after completion of the Open Offer is set out below:

Name	**As at the Latest Practicable Date**		**Immediately upon completion of the Open Offer assuming all Qualifying Shareholders fully take up their respective entitlement**		**Immediately upon completion of the Open Offer assuming none of the Qualifying Shareholders take up their respective entitlement**	
	Shares	*Approximate %*	*Shares*	*Approximate %*	*Shares*	*Approximate %*
The Underwriter *(note)*	0	0.00	0	0.00	1,015,300,295	33.33
Public Shareholders	2,030,600,590	100.00	3,045,900,885	100.00	2,030,600,590	66.67
Total	2,030,600,590	100.00	3,045,900,885	100.00	3,045,900,885	100.00

Note:

The Underwriter (for itself and on behalf of the sub-underwriter(s)) undertakes to the Company that: (i) the Underwriter and/or the sub-underwriter(s) will not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the Underwriter and/or the sub-underwriter(s) in respect of performing its/their obligations under the Underwriting Agreement; and (ii) none of the Underwriter, the sub-underwriter(s) and the subscribers procured by them will be a substantial Shareholder holding 10% or more shareholding in the Company.

Reasons for the Open Offer and the use of proceeds

The Company is an investment holding company. The Group is principally engaged in manufacturing and sale of pharmaceutical products and iron mining business. The estimated net proceeds from the Open Offer will be approximately HK$128 million (after deducting the commissions and costs and expenses in relation to the Open Offer). The Board intends to apply the proceeds from the Open Offer for partial payment of the Acquisitions and future development of the business in relating to the Acquisitions. Notwithstanding the proceeds from the Open Offer intended to be used for the Acquisitions, the Open Offer and the Acquisitions are not inter-conditional upon each other.

As at the Latest Practicable Date, (i) there was outstanding of HK$100,000,000 under the promissory note issued by the Company under Acquisition 1 and such outstanding amount will be due in December 2010; and (ii) there was approximately HK$20,750,000 of the cash deposit payable under Acquisition 2 outstanding, the remaining consideration of HK$546,750,000 payable under Acquisition 2 will either be satisfied by way of convertible note. Further cash commitment of HK$19,250,000 and of RMB42,000,000 to RMB70,000,000 are required for the business development after the completion of Acquisition 2 and the Acquisition 3 respectively. All the consideration of HK$700,000,000 payable under Acquisition 3 will either be satisfied by way of issuing convertible note or allotting and issuing consideration shares by the Company. Given that Acquisition 2 and Acquisition 3 are yet completed, if the Acquisition 2 or Acquisition 3 do not proceed to completion, the Board will intend to use the proceeds from the Open Offer as general working capital of the Group and/ or for other possible investment opportunity in relation to the manufacturing and sale of pharmaceutical products or iron mining business. As at the Latest Practicable Date, the Company has not identified any investment opportunity.

The Board considers that the Open Offer will provide an equal opportunity to all Qualifying Shareholders to maintain their respective shareholdings in the Company. The Directors consider that the Open Offer is in the interests of the Company and the Shareholders as a whole.

Fund raising activities during the past 12 months immediately preceding the Latest Practicable Date

The following are fund raising activities of the Company during the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Estimated net proceeds	Intended use of proceeds	Actual use of proceeds
8 February 2010	placing up to 250,000,000 new Shares under the general mandate	approximately HK$46.5 million	used for partial payment of the Acquisitions	used as intended
6 November 2009	placing up to 88,000,000 new Shares under the general mandate	approximately HK$34.08 million	used for partial payment of the Acquisition 2	used as intended
21 July 2009	subscription of 111,660,000 new Shares under the general mandate	approximately HK$33.3 million	used for partial payment of the Acquisition 1	used as intended
24 August 2009	subscription of 81,000,000 new Shares under the general mandate	approximately HK$20.05 million	used for partial payment of the Acquisition 1	used as intended
27 May 2009	placing up to 80,000,000 new Shares under the general mandate	approximately HK$33.88 million	used for partial payment of the Acquisition 1	used as intended

Save as disclosed above, the Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the Latest Practicable Date.

Below set out are the settlement status of the Acquisitions' consideration as at the Latest Practicable Date:

	Settlement mode				Payment to date		Outstanding amount	
	Consideration	Cash	Financial instrument	Further cashflow requirement after completion	Cash	Financial instrument	Cash	Financial instrument
Acquisition 1 *(note)* Completed on 3/6/2009	HK$300,000,000	HK$70,000,000	HK$230,000,000 (by way of promissory note)	–	HK$70,000,000	HK$130,000,000 (by way of redemption of promissory note)	–	HK$100,000,000 (by way of promissory note)
Acquisition 2 *(note)* Announced on 3/11/2009	HK$577,500,000	HK$30,750,000	HK$546,750,000 (by way of convertible note)	HK$19,250,000	HK$10,000,000	–	HK$20,750,000	HK$546,750,000 (by way of convertible note)
Acquisition 3 *(note)* Announced on 13/1/2010	HK$700,000,000	–	HK$560,000,000 (by way of convertible note HK$140,000,000 (by way of issuing consideration shares)	approximately from RMB42 million to RMB70 million	–	–	–	HK$560,000,000 (by way of convertible note HK$140,000,000 (by way of issuing consideration shares)
Total	HK$1,577,500,000	HK$100,750,000	HK$1,476,750,000	–	HK$80,000,000	HK$130,000,000	HK$20,750,000	HK$1,346,750,000

Note: The Acquisition 1 has already been completed on 3 June 2009 and as at the Latest Practicable Date, there was outstanding HK$100,000,000 payable by the Company under the promissory note. The Acquisition 2 and the Acquisition 3 are yet completed. As at the Latest Practicable Date, the Company had due obligation to pay the cash deposit of HK$30,750,000 under the Acquisition 2 of which HK$10,000,000 had been paid.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Since the date of the latest published audited accounts (i.e. 31 March 2009), the Company has been continuing engaged in the manufacturing and trading pharmaceutical products and has started to deploy in the iron mining investment business by entering into sale and purchase agreements in respect of the Acquisitions.

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

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

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

Pharmaceutical Operations

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

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

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

Iron Ore Mining Operation

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

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

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

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

Subsequent to the disclosed made by the Company in the unaudited interim report, on 24 October 2009, Mighty Kingdom Investments Limited, a wholly owned subsidiary of the Company, as purchase has entered into a sale and purchase agreement with Empire Bridge Assets Limited as vendor and Mr. Lam Chong Sun as guarantor, in respect of the acquisition of 55% interest in PT. Dampar Golden International, a company incorporated in Indonesia for the consideration of HK$577,500,000. PT. Dampar Golden International and its subsidiaries are engaged in iron ore mining in Indonesia. Pursuant to a power of attorney given by PT. Indo Modern Mining Sejahtera, an independent third party and a beneficial owner of 40% of the entire issued share capital of PT. Dampar Golden International, PT. Dampar Golden International was granted the exclusive rights and authorities to carry out mining activities in the mining area located in Lumajang, East Java, Indonesia and covering a site area of at least 1,195 hectares. The consideration of Acquisition 2 shall be satisfied in the following manner:–

(a) as to HK$30,750,000 as a refundable deposit payable in cash by the Group to the vendor of the Acquisition 2 or its nominee(s); and

(b) as to HK$546,750,000 by issuing the convertible note by the Company to the vendor of the Acquisition 2 or its nominee(s) on completion of the Acquisition 2.

On 22 December 2009, the Company as purchaser entered into a sale and purchase agreement with Tain Wei Limited as vendor, Mr. Ma Hing Chun as guarantor in relation to the acquisition of the 1 share, being the entire issued share capital, in Speed Up Worldwide Limited for total consideration of HK$700,000,000. Pursuant to the two mining licences held by Qinglong Manzu Autonomous County Shenghua Beifang Mining Company Limited*（青龍滿族自治縣盛華北方礦業有限公司）, the PRC subsidiary of Speed Up Worldwide Limited, in respect of the area of the two iron mines in Ciyushan Village（茨榆山鄉）covered by the two mining licences of 0.704 square kilometers and 1.2192 square kilometers with an annual output capacity of 250,000 tonnes and 50,000 tonnes of iron ores, respectively, Speed Up Worldwide Limited and its subsidiaries are engaged in the exploitation of iron ores in Ciyushan Village（茨榆山鄉）of the Qinglong Manzu Autonomous County（青龍滿族自治縣） in the Hebei province of the PRC.

The consideration of the Acquisition 3 payable by the Company to the vendor of the Acquisition 3 is HK$700,000,000, which shall be satisfied, on the date of completion of the Acquisition 3, in the following manners:

(i) as to HK$560,000,000, by issuing the convertible note by the Company to the vendor to the Acquisition 3 or its nominee(s); and

(ii) as to HK$140,000,000, by allotting and issuing the consideration shares in the Company to the vendor of the Acquisition 3 or its nominee(s) at the Issue Price.

Iron ore consumption in the PRC

Due to the prosperous economic development, demand of iron and steel in the PRC has been strong. The PRC has become the biggest importer of the iron ore in the world contributing over 50% of the global consumption. However, the PRC is unable to produce iron ore to meet its internal need because of lack of large-scale iron miner, low product quality and inefficient productivity. To secure its future consumption, the PRC has started to expand the reverse base of iron ore since 2003 by importing the metal from major producers including Australia, South Africa and Brazil. According to U.S. Geological Survey, the imported amount of iron ore to the PRC has increased from 383 million metric tons in 2007 to 433 million metric tons in 2008, representing an annual growth rate of approximately 15%.

	2003	**2004**	**2005**	**2006**	**2007**	**2008**
Import of iron Ore in the PRC *(Thousand Metric tons)*	148	208	275	326	383	443

Source: Mineral Commodity Summaries – Iron Ore (2003 – 2008), U.S. Geological Survey

Production and Consumption Gap in the PRC (2003-2008)

	2003	2004	2005	2006	2007	2008
Production of iron ore in the PRC	261	310	420	588	707	824
Consumption of Iron ore in the PRC	409	518	695	914	1,090	1,257
Production and consumption gap *(Thousand Metric tons)*	148	208	275	326	383	433

Source: Mineral Yearbook – China (2003 – 2008), U.S. Geological Survey

From the above table, iron ore production in the PRC is unable able to satisfy its domestic demand. The demand and supply gap has been widening. The supply deficiency has been filled up by importation. Indonesia is one of the potential candidates for exporting iron ore to the PRC because of its favorable geographical location and relative low freight charge compared with Australian and Brazilian. Furthermore, supporting by the expansionary fiscal policy imposed by the PRC regulators and vigorous economic growth in the country, it is very likely that demand for iron and steel will rise further. This will fuel the growth of the metal price in a long run. The increasing demand and price trend of iron will enhance the profit margin of iron trading companies by speeding up the inventory turnover and increasing its bargaining power. The Board believes that the Company and its Shareholders as a whole will benefit from the increasing demand and price trend of iron in the PRC.

PROCEDURE FOR ACCEPTANCE AND PAYMENT

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Form.

If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Application Form or wish to apply for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied for with, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 13 April 2010.

All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Asia Resources Holdings Limited – Open Offer Account" and crossed "Account Payee Only". It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with, Tricor Secretaries Limited by not later than 4:00 p.m. on Tuesday, 13 April 2010, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form is for the use by the person(s) named therein only and is not transferable.

No receipt will be issued in respect of any application monies received. Any Offer Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter. The Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee as a single Shareholder according to the register of members of the Company.

Application for excess Offer Shares

To apply for any number of Offer Shares which is more than your assured entitlement as set in your Application Form, i.e. the excess Offer Shares, a Qualifying Shareholder should use the separate Excess Application Form enclose herewith this Prospectus and state the number of excess Offer Shares which you wish to apply for and the corresponding total in the appropriate spaces provided in the Excess Application Form. All remittance(s) must in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "Asia Resources Holdings Limited – Excess Application Account" for excess Offer Shares and crossed "Account Payee Only".

You will be notified of any allotment of excess Offer Shares made to you. If no excess Offer Shares are allotted to you, it is expected that the amount tendered on application will be refunded to you in full without interest by means of a cheque dispatched by ordinary post to you by no later than Monday 19 April 2010 at your own risk. If the number of excess Offer Shares allotted to you is less than that applied for, it is expected that the surplus application monies will also be refunded to you by means of a cheque despatched by ordinary post to you, without interest, by no later than Monday 19 April 2010 at your own risk. Any such cheque will be drawn in favour of the applicant(s) named on the Excess Application Form.

In respect of the number of Offer Shares, excess Offer Shares that you wish to apply for, you must complete, sign and lodge the Application Form and/or the Excess Application Form in accordance with the instructions printed thereon, together with two separate remittance (when appropriate) for full amount payable on application for the Offer Shares and/or the excess Offer Shares, with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 13 April 2010.

It should be noted that unless the Application Form and/or the Excess Application Form, together with the appropriate remittance, has been lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 13 April 2010, that assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such moneys will be retained for the benefit of the Company. Any Application Form and/or the Excess Application Form in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholder under the Open Offer will be deemed to have been declined and will be cancelled.

If the conditions of the Open Offer are not fulfilled, the application monies will be refunded, without interest, by sending a cheque made out to the relevant applicant named on the Application Form, or in the case of joint applicants, to the first-named applicant, and crossed "Account Payee Only", through ordinary post at the risk of such person to the address specified in the relevant form on or before Monday, 19 April 2010. The Application Form and the Excess Application Form are for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any monies received for application of excess Offer Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
By order of the Board
Asia Resources Holdings Limited
Chim Kim Lun, Ricky
Chairman

1. FINANCIAL SUMMARY AND AUDITORS' REPORTS

A summary of the published results, assets and liabilities of the Group for the three years ended 31 March 2007, 2008 and 2009 and for the six months ended 30 September 2009 as extracted from the respective annual reports and interim report of the Company is set out below. No qualified opinion has been expressed by the auditors of the Company on the audited financial statements for each of the years ended 31 March 2007, 2008 and 2009.

There were no extraordinary or exceptional items for the three years ended 31 March 2007, 2008 and 2009.

CONSOLIDATED INCOME STATEMENT

	For the six months ended 30 September 2009	2009	2008	2007
	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	69,618	167,718	170,445	132,415
Cost of sales	(40,308)	(98,883)	(98,082)	(81,374)
Gross profit	29,310	68,835	72,363	51,041
Other revenue	1,072	5,718	5,715	6,314
Other gains	2,186	23,185	3,071	–
Distribution and selling expenses	(22,123)	(47,895)	(49,243)	(45,874)
Administrative expenses	(16,244)	(31,747)	(26,612)	(25,892)
Other expenses	–	(27,049)	(931)	–
Share of loss of associates	–	–	(3,381)	(7,035)
Gain on disposal of associates	–	–	73,691	–
Fair value change on investment properties	–	–	2,664	(7,229)
Loss on early redemption of promissory notes	(20,502)	–	–	–
Finance costs	(10,554)	(10,077)	(10,751)	(11,216)
(Loss)/profit before tax	(36,855)	(19,030)	66,586	(154,384)
Income tax expense	(3,306)	(2,094)	(1,204)	(4,304)
(Loss)/profit for the year attributable to the equity holders of the Company	(40,161)	(21,124)	65,382	(158,688)
	HK cents	*HK cents*	*HK cents*	*HK cents*
(Loss)/earnings per share – Basic and diluted	(2.66)	(1.50)	4.63	(11.24)

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	For the six months ended 30 September 2009 (Unaudited) *HK$'000*	2009 (Audited) *HK$'000*	2008 (Audited) *HK$'000*	2007 (Audited) *HK$'000*
Non-current assets				
Property, plant and equipment	119,247	117,232	156,171	164,401
Prepaid lease payments	6,082	6,185	10,067	13,212
Investment properties	–	–	–	30,334
Intangible assets	45	65	104	–
Interests in associates	–	–	–	114,823
Mining right	260,015	–	–	–
Deposits for acquisition of property, plant and equipment	12,741	10,028	–	100
	398,130	133,510	166,342	322,870
Current assets				
Inventories	23,035	25,592	21,433	20,677
Trade and bills receivables	64,803	64,347	93,635	86,666
Loans to an associate	–	–	–	38,354
Prepayments, deposits and other receivables	127,253	241,093	208,135	–
Financial assets at fair value through profit or loss	444	215	496	–
Pledged bank deposits	–	11,338	6,992	–
Bank balances and cash	14,084	23,958	73,247	38,071
	229,619	366,543	403,938	183,768
Current liabilities				
Trade payables	16,486	15,179	20,037	23,305
Other payables and accruals	13,197	16,546	40,962	19,157
Tax liabilities	1,100	2,432	1,071	–
Bank borrowings	98,751	109,070	134,262	82,725
	129,534	143,227	196,332	125,187
Net current assets	100,085	223,316	207,606	58,581
Total assets less current liabilities	498,215	356,826	373,948	381,451

	For the six months ended 30 September 2009	**2009**	**2008**	**2007**
	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital and reserves				
Share capital	84,630	70,572	70,572	70,572
Reserves	314,740	280,982	303,376	227,967
Total equity attributable to equity holders of the Company	399,370	351,554	373,948	298,539
Non-current liability				
Promissory notes	86,859	–	–	–
Bank borrowings	9,818	5,272	–	82,912
Deferred tax liabilities	2,168	–	–	–
	98,845	5,272	–	82,912
	498,215	356,826	373,948	381,451

2. AUDITED FINANCIAL STATEMENTS

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the annual report of the Company for the year ended 31 March 2009.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	7	167,718	170,445
Cost of sales		(98,883)	(98,082)
Gross profit		68,835	72,363
Other revenue	8	5,718	5,715
Other gains	9	23,185	3,071
Distribution and selling expenses		(47,895)	(49,243)
Administrative expenses		(31,747)	(26,612)
Other expenses	10	(27,049)	(931)
Share of loss of associates	21	–	(3,381)
Gain on disposal of associates		–	73,691
Fair value change on investment properties	19	–	2,664
Finance costs	11	(10,077)	(10,751)
(Loss)/profit before tax	12	(19,030)	66,586
Income tax expense	15	(2,094)	(1,204)
(Loss)/profit for the year attributable to the equity holders of the Company		(21,124)	65,382
		HK cents	HK cents
(Loss)/earnings per share – Basic and diluted	16	(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	17	117,232	156,171
Prepaid lease payments	18	6,185	10,067
Intangible assets	20	65	104
Deposits for acquisition of property, plant and equipment		10,028	–
		133,510	166,342
Current assets			
Inventories	22	25,592	21,433
Trade and bills receivables	23	64,347	93,635
Prepayments, deposits and other receivables	24	241,093	208,135
Financial assets at fair value through profit or loss	25	215	496
Pledged bank deposits	26	11,338	6,992
Bank balances and cash	26	23,958	73,247
		366,543	403,938
Current liabilities			
Trade payables	27	15,179	20,037
Other payables and accruals	28	16,546	40,962
Tax liabilities		2,432	1,071
Bank borrowings	29	109,070	134,262
		143,227	196,332
Net current assets		223,316	207,606
Total assets less current liabilities		356,826	373,948
Capital and reserves			
Share capital	30	70,572	70,572
Reserves		280,982	303,376
Total equity attributable to equity holders of the Company		351,554	373,948
Non-current liability			
Bank borrowings	29	5,272	–
		356,826	373,948

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Share capital	Share premium	Special reserve	PRC statutory reserve funds	Translation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000* (note i)	*HK$'000* (note ii)	*HK$'000*	*HK$'000*	*HK$'000*
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 *(note ii)*	–	–	–	192	–	(192)	–
At 31 March 2008 and 1 April 2008	70,572	497,831	92,926	3,286	26,005	(316,672)	373,948
Exchange differences arising on translation to presentation currency, representing net income recognised directly in equity	–	–	–	–	571	–	571
Transfer to profit or loss on disposal of property, plant and equipment	–	–	–	–	(1,841)	–	(1,841)
Loss for the year	–	–	–	–	–	(21,124)	(21,124)
Total recognised income and expense for the year	–	–	–	–	(1,270)	(21,124)	(22,394)
At 31 March 2009	70,572	497,831	92,926	3,286	24,735	(337,796)	351,554

Notes:

(i) 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.

(ii) As stipulated by the relevant laws and regulations for foreign investment in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain two statutory reserves, being a statutory surplus 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.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2009

	Notes	**2009** *HK$'000*	**2008** *HK$'000* (Restated)
OPERATING ACTIVITIES			
(Loss)/profit for the year		(21,124)	65,382
Adjustments for:			
Income tax expense		2,094	1,204
Share of loss of associates	*21*	–	3,381
Interest income on bank deposits	*8*	(763)	(1,049)
Interest income on loans to an associate		–	(2,597)
Interest income on loan receivables	*8*	(4,913)	(1,525)
Finance costs	*11*	10,077	10,751
Depreciation of property, plant and equipment	*17*	24,233	19,964
Amortisation of intangible assets	*20*	41	93
Prepaid lease payments		298	429
Gain on disposal of a subsidiary		–	(791)
Gain on disposal of associates		–	(73,691)
Gain on disposal of property, plant and equipment		(16,094)	–
Gain on disposal of financial assets at fair value through profit or loss		–	(59)
Fair value change on investment properties		–	(2,664)
Fair value change on financial assets at fair value through profit or loss		281	559
Loss on disposal of property, plant and equipment		–	1,052
Written-off of inventories		315	–
Waive of trade payables		(14)	(1,966)
Reversal of impairment loss recognised in respect of trade receivables	*23*	(1,596)	–
Impairment loss recognised in respect of trade receivables	*23*	7,994	931
Impairment loss recognised in respect of property, plant and equipment	*17*	19,055	–
Operating cash flows before movements in working capital		19,884	19,404
(Increase)/decrease in inventories		(4,474)	1,264
Decrease/(increase) in trade and bills receivables		22,890	(13,802)
Decrease/(Increase) in other receivables		37,042	(16,329)
Decrease in trade payables		(4,844)	(3,268)
(Decrease)/increase in other payables		(1,929)	37,365

	Notes	2009 HK$'000	2008 HK$'000 (Restated)
Cash generated from operations		68,569	24,634
PRC income tax paid		(733)	(201)
Net cash generated from operating activities		67,836	24,433
INVESTING ACTIVITIES			
Interest received	*8*	5,676	5,171
Purchase of property, plant and equipment		(6,307)	(6,592)
Deposit paid for acquisition of property, plant and equipment		(10,028)	–
Deposit paid for acquisition of subsidiaries		(70,000)	–
Purchase of financial assets at fair value through profit or loss		–	(1,378)
Proceeds from disposal of financial assets at fair value through profit or loss		–	382
Purchase of intangible assets	*20*	–	(203)
Government grants received in respect of purchase of property, plant and equipment		–	1,600
Proceeds from disposal of investment properties		–	32,998
Proceeds from disposal of property, plant and equipment		380	253
Proceeds from disposal of associates		–	45,000
Net cash outflow on disposal of a subsidiary		–	(77)
Loans to an associate		–	(1,665)
Increase in pledged bank deposits		(4,346)	(6,992)
Net cash (used in)/generated from investing activities		(84,625)	68,497
FINANCING ACTIVITIES			
Finance costs	*11*	(10,077)	(10,751)
New bank loans raised		114,342	90,644
Repayment of bank loans		(134,262)	(138,197)
Net cash used in financing activities		(29,997)	(58,304)
Net (decrease)/increase in cash and cash equivalents		(46,786)	34,626
Cash and cash equivalents at beginning of the year		73,247	38,071
Effect of foreign exchange rate changes		(2,503)	550
Cash and cash equivalents at end of the year			
Bank balances and cash		23,958	73,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2009

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 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")

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 for 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.

Impact of new and revised HKFRSs 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 1 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 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.

3. Significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for 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 HKFRSs 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.

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.

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 is recognised when goods are delivered and title has passed.

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 term.

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	$12^1/_2$% – 30%
Plant and machinery	$6^2/_3$% – 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.

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.

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.

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

Retirement benefit scheme

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.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap monthly relevant income of HK$20,000. The Group's contributions to the scheme are expensed as incurred are vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Share option scheme

The Company operates a share options scheme for the purpose 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. The fair value of share options granted to employee is recognised as an employee cost with a corresponding increase in a capital reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

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 are 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.

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.

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.

Provision

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

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 ("financial assets at 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 FVTPL

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.

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.

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.

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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown separately in current liabilities on the consolidated balance sheet.

Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Related party transactions

A party considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment, benefit plan for the benefit of the employees of the Group, or of any entity that is related party of the Group.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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:

Income taxes

The Group is subject to income taxes in Hong Kong and the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where amounts that were initially recorded, such differences will impact the income taxes and deferred tax provisions in the period in which such determination is made.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience and selling goods of similar nature. It could change significant as a result of change in market condition. Management will reassess the estimations at the balance sheet date.

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 and impairment 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. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less costs to sell and its value-in-use which require the use of assumptions and estimates.

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 bank borrowings disclosed in note 29 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 associate 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.

The gearing ratio at the year end was as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Total debts#	114,342	134,262
Shareholders' equity	351,554	373,948
Gearing ratio	32.52%	35.90%

\# *Total debts comprises bank borrowings as detailed in note 29*

5B. Categories of financial instruments

	2009	2008
	HK$'000	*HK$'000*
Financial assets		
Financial assets at fair value through profit or loss	215	496
Loans and receivables (including cash and cash equivalents)	267,884	380,900
Financial liabilities		
Amortised cost	141,418	192,207

5C. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, financial assets at fair value through profit or loss, bank balances and cash, trade payables, other payables and accruals and bank 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 29 for details) and loans receivable (see note 24 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 29 for details) and bank deposits (see note 26 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.

Interest rate risk – Sensitivity analysis

The sensitivity analysis 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 loss for the year ended 31 March 2009 would decrease/increase by approximately HK$122,000 (2008: increase/decrease by approximately HK$163,000). 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 2009, 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 the 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 an associate as disclosed in note 24.

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.

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*
2009					
Trade payables	–	15,179	–	15,179	15,179
Other payables and accruals	–	11,897	–	11,897	11,897
Bank borrowings	7.13	113,134	5,897	119,031	114,342
		140,210	5,897	146,107	141,418
2008					
Trade payables	–	20,037	–	20,037	20,037
Other payables and accruals	–	37,908	–	37,908	37,908
Bank borrowings	7.65	139,749	–	139,749	134,262
		197,694	–	197,694	192,207

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.

Other price risk – Sensitivity analysis

The sensitivity analysis 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 loss for the year ended 31 March 2009 would increase/decrease by approximately HK$22,000 (2008: increase/decrease by approximately HK$50,000). This is mainly due to the changes in fair value of financial assets at FVTPL.

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.

6. Business and geographical segments

The Group is engaged in manufacture and sales of pharmaceutical products. The Group was engaged in properties investment in 2008 in 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.

7. 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 ended 31 March 2009.

8. Other revenue

	2009	**2008**
	HK$'000	*HK$'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
	5,676	5,171
Rental income from investment properties	–	544
Dividend income	41	–
Sundry income	1	–
	5,718	5,715

9. Other gains

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

10. Other expenses

	2009	2008
	HK$'000	*HK$'000*
Impairment loss recognised in respect of property, plant and equipment *(note 17)*	19,055	–
Impairment loss recognised in respect of trade receivables *(note 23)*	7,994	931
	27,049	931

11. Finance costs

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	10,077	10,751

12. (LOSS)/PROFIT BEFORE TAX

	2009	**2008**
	HK$'000	*HK$'000*
		(Restated)
Directors' emoluments *(note 13)*	5,243	2,854
Other staff costs	18,808	14,059
Other staff's retirement benefits scheme contributions	2,174	1,597
	26,225	18,510
Depreciation of property, plant and equipment	24,233	19,964
Amortisation of intangible assets (included in administrative expenses)	41	93
Total depreciation and amortisation	24,274	20,057
Auditors' remuneration	380	700
Prepaid lease payments	298	429
Minimum lease payments under operating leases	1,117	770
Research and development costs	–	77
Cost of inventory recognised as an expense	90,836	97,621
Written off of inventories	315	–
Loss on disposal of property, plant and equipment	–	1,052
Fair value change on financial assets at fair value through profit or loss	281	559

13. Directors' emoluments

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

	Directors' fees		Salaries and other benefits		Retirement benefits scheme contributions		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$000*
Executive directors:								
Mr. Lin Dong	–	–	3,580	1,716	9	12	3,589	1,728
Mr. Feng Xiang Cai	–	–	613	420	7	12	620	432
Mr. Yang Jianxin	–	–	372	225	9	7	381	232
Ms. Zhang Cheng	–	–	–	–	–	–	–	–
Mr. Chim Kim Lun, Ricky	–	–	–	–	–	–	–	–
Mr. Chan Sung Wai	–	–	–	–	–	–	–	–
Mr. Zhou Yu Kang	–	–	160	–	–	–	160	–
	–	–	4,725	2,361	25	31	4,750	2,392
Independent non-executive directors:								
Mr. Ngai Sau Chung, Howard	125	133	–	–	–	–	125	133
Mr. Lin Ye	129	171	–	–	–	–	129	171
Mr. Zhang Xiufu	142	–	–	–	–	–	142	–
Mr. Jiang Guoan	13	158	–	–	–	–	13	158
Mr. Yiu Fai Ming	37	–	–	–	–	–	37	–
Mr. Tse Yuk Kong	10	–	–	–	–	–	10	–
Mr. Zhang Xianlin	37	–	–	–	–	–	37	–
	493	462	–	–	–	–	493	462
	493	462	4,725	2,361	25	31	5,243	2,854

During the years ended 31 March 2009 and 2008, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the directors has waived any emoluments during the years ended 31 March 2009 and 2008.

During the year ended 31 March 2009, one of the director's emoluments was exceeding HK$3,500,000 and those of the remaining directors were all within HK$1,000,000. During the year ended 31 March 2008, one of director's emoluments was exceeding HK$1,500,000 and those of the remaining directors were all within HK$1,000,000.

14. Employees' emoluments

The aggregate emoluments of the five highest paid individuals for the year included three (2008: two) executive directors of the Company, whose emoluments are included in note 13 above. The aggregate emoluments of the remaining two (2008: three) highest paid individuals are as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Salaries and other benefits	1,240	1,398
Retirement benefits scheme contributions	21	35
	1,261	1,433

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

15. Income tax expense

	2009	**2008**
	HK$'000	*HK$'000*
The PRC enterprise income tax	1,935	1,204
Under provision of the PRC enterprise income tax in prior years	159	–
	2,094	1,204

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.

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

	2009	**2008**
	HK$'000	*HK$'000*
(Loss)/profit before tax	(19,030)	66,586
Tax at the applicable income tax rate of 25% (2008: 33%)	(4,258)	21,973
Tax effect of share of loss of associates	–	1,116
Tax effect of expenses not deductible for tax purposes	12,728	3,427
Tax effect of income not taxable for tax purposes	(9,761)	(24,600)
Effect of tax holiday of subsidiaries operating in the PRC	(23)	(1,661)
Tax effect of tax losses not recognised	3,218	2,749
Utilisation of tax losses previously not recognised	–	(4,231)
Under provision of the PRC enterprise income tax in prior years	159	–
Tax effect of other deductible temporary differences not recognised	31	2,431
Tax charge for the year	2,094	1,204

16. (Loss)/earnings per share

Basic and diluted (loss)/earnings per share

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to the equity holders of the Company of approximately HK$21,124,000 (2008: profit of approximately HK$65,382,000) over 1,411,440,590 (2008: 1,411,440,590) ordinary shares of the Company in issue during the year ended 31 March 2009. Diluted (loss)/earnings per share for the years ended 31 March 2009 and 2008 has not been disclosed as no diluting events existed during the years. The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

17. Property, plant and equipment

	Buildings	Furniture, fixtures and office equipment	Leasehold improvements	Motor vehicles	Plant and machinery	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost							
At 1 April 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)	–
Adjustments *(note)*	(147)	–	–	–	(411)	(14)	(572)
Exchange adjustments	8,345	533	–	370	12,244	86	21,578
At 31 March 2008 and 1 April 2008	84,614	7,167	993	5,870	137,656	1,407	237,707
Additions	144	2,771	–	1,177	996	1,219	6,307
Disposals	(3,808)	(214)	–	(440)	(1,541)	–	(6,003)
Transfers	865	–	–	–	861	(1,726)	–
Adjustments *(note)*	(184)	–	–	–	(1,228)	–	(1,412)
Exchange adjustments	1,823	148	–	103	2,966	30	5,070
At 31 March 2009	83,454	9,872	993	6,710	139,710	930	241,669
Accumulated depreciation and impairment							
At 1 April 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

	Buildings	Furniture, fixtures and office equipment	Leasehold improvements	Motor vehicles	Plant and machinery	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2008 and 1 April 2008	15,332	3,753	993	3,110	58,348	–	81,536
Charge for the year	6,699	1,892	–	978	14,664	–	24,233
Impairment loss recognised	–	796	–	41	18,218	–	19,055
Eliminated on disposals	(1,785)	(51)	–	21	(285)	–	(2,100)
Exchange adjustments	330	76	–	50	1,257	–	1,713
At 31 March 2009	20,576	6,466	993	4,200	92,202	–	124,437
Carrying amounts							
At 31 March 2009	62,878	3,406	–	2,510	47,508	930	117,232
At 31 March 2008	69,282	3,414	–	2,760	79,308	1,407	156,171

Note: During the year ended 31 March 2009, the Group received government grant of approximately HK$1,412,000 (2008: approximately HK$572,000) 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$20,826,000 (2008: HK$21,055,000) and plant and machinery amounting to approximately HK$11,915,000 (2008: HK$29,085,000) to certain banks to secure the credit facilities granted to the Group.

During the year ended 31 March 2009, the Group noted that a production line has been worn out and the Group carried out a review of the recoverable amount of its manufacturing plant and equipment, having regard to all production lines. The review led to the recognition of an impairment loss of approximately HK$19,055,000 (2008: nil), that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined based on its fair values less cost to sell. A valuation of the relevant assets was carried out at the balance sheet date by Norton Appraisal Limited, independent qualified professional valuers not connected with the Group. Norton Appraisal Limited are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar assets. The relevant assets were valued on the basis of its market value which was considered as the estimated amount at which the subject assets should be exchanged between a willing buyer and seller at the balance sheet date.

18. Prepaid lease payments

The Group's prepaid lease payments comprise:

	2009	**2008**
	HK$'000	*HK$'000*
Leasehold land outside Hong Kong:		
Medium term lease	6,404	10,359
Analysed for reporting purposes as:		
Current portion *(note 24)*	219	292
Non-current portion	6,185	10,067
	6,404	10,359

The Group has pledged land use rights having a carrying amount of approximately HK$6,404,000 as at 31 March 2009 (2008: HK$4,972,000) to secure bank borrowings granted to the Group.

19. Investment properties

	HK$'000
Fair value:	
At 1 April 2007	30,334
Net increase in fair value	2,664
Disposal	(32,998)
At 31 March 2008	–

During the year ended 31 March 2008, the Group disposed its investment properties for a net consideration of HK$32,998,000.

20. Intangible assets

	Technical know-how HK$'000
Cost	
At 1 April 2007	1,250
Additions	203
Exchange adjustments	122
At 31 March 2008 and 1 April 2008	1,575
Additions	–
Exchange adjustments	34
At 31 March 2009	1,609
Accumulated amortisation and impairment	
At 1 April 2007	1,250
Charge for the year	93
Exchange adjustments	128
At 31 March 2008 and 1 April 2008	1,471
Charge for the year	41
Exchange adjustments	32
At 31 March 2009	1,544
Carrying amounts	
At 31 March 2009	65
At 31 March 2008	104

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

21. Interests in associates

In December 2007, the Group entered into an agreement (the "Skyyield Agreement") to dispose the Group's 30% equity interest in Skyyield Holdings Limited ("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 in 2008.

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

	2008
	HK$'000
Total assets	–
Total liabilities	–
Net assets	–
Group's share of associates net assets	–
Revenue	–
Loss for the year	(11,270)
Group's share of associates loss for the year	(3,381)

22. Inventories

	2009	2008
	HK$'000	*HK$'000*
Raw materials	3,215	1,927
Packaging materials and consumables	6,408	6,036
Finished goods	15,969	13,470
	25,592	21,433

During the year ended 31 March 2009, the Group has written off obsoleted raw material of approximately HK$47,000 and obsoleted finished goods of approximately HK$268,000.

23. Trade and bills receivables

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

Payment terms with customers are mainly on credit. Invoices are normally settled within 90 days to 180 days of issuance, except for certain well established customers. The following is an aging analysis of trade receivables, net of impairment losses, and bills receivables discounted/endorsed with recourse at the balance sheet 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	942	2,732
	64,347	93,635

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 2009, approximately 86% (2008: 88%) 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.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$8,996,000 (2008: HK$11,308,000) 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.

Aging of trade receivables which are past due but not impaired

	2009	**2008**
	HK$'000	*HK$'000*
181 to 365 days	8,054	8,576
1 to 2 years	942	2,732
	8,996	11,308

Movement in the provision for impairment loss recognised in respect of trade receivables

	2009	2008
	HK$'000	*HK$'000*
Balance at beginning of the year	8,089	6,501
Impairment losses recognised in respect of trade receivables	7,994	931
Reversal of impairment losses recognised in respect of trade receivables	(1,596)	–
Exchange adjustments	(153)	657
Balance at end of the year	14,334	8,089

In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the balance sheet date. Included in the provision for impairment loss recognised in respect of trade receivables 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.

During the year ended 31 March 2009, the Group has recovered trade receivables of approximately HK$1,596,000, which has be impaired in previous years.

Aging of impaired trade receivables

	2009	2008
	HK$'000	*HK$'000*
181 to 365 days	3,016	–
1 to 2 years	4,978	931
	7,994	931

Transfer of financial assets

At 31 March 2009, the Group's bills receivables of approximately HK$2,383,000 (2008: HK$5,538,000) had been transferred to unrelated suppliers with recourse. As the Group is still exposed to credit risk on these bills receivables, the Group continues to recognise the full carrying amount of the bills receivables and record associated trade payables of approximately HK$2,383,000 (2008: HK$5,538,000) in the consolidated balance sheet.

24. Prepayments, deposits and other receivables

	2009	**2008**
	HK$'000	*HK$'000*
Amount receivable on disposal of associates *(note i)*	135,000	135,000
Deposits paid *(note ii)*	70,248	239
Loans receivable *(note iii)*	21,611	62,589
Prepayments	2,633	990
Other receivables	11,382	9,025
Prepaid lease payments *(note 18)*	219	292
	241,093	208,135

Notes:

(i) During the year ended 31 March 2008, the Group has disposed of the interest in associates for a total consideration of HK$180,000,000. The amount was the last installment receivable from the acquirer. The acquirer is assessed to be credit worth with reference to the financial position of the acquirer.

(ii) Deposits paid included the deposits paid of HK$70,000,000 for the acquisition of entire share capital of Tian Sheng Resources Development Limited ("Tian Sheng"), in relation to the sale and purchase agreements entered by the Group on 3 December 2008, 5 January 2009 and 2 February 2009. For further details, please refer to note 40.

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

25. Financial assets at fair value through profit or loss

	2009	2008
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong at market quoted bid price	215	496

26. 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 0.2% to 3.7% (2008: 1% to 6%) per annum during the year ended 31 March 2009.

Included in the bank balances and cash as at 31 March 2009 were amounts in Renminbi of approximately HK$33,474,000 (2008: approximately HK$29,985,000) which are not freely convertible into other currencies.

At the balance sheet date, bank deposits amounting to approximately HK$11,338,000 (2008: approximately HK$6,992,000) have been pledged to secure short-term bank borrowings and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

27. Trade payables

	2009	2008
	HK$'000	*HK$'000*
Trade payables	15,179	20,037

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

	2009	2008
	HK$'000	*HK$'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
	15,179	20,037

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

28. Other payables and accruals

	2009	2008
	HK$'000	*HK$'000*
Value-added tax payable	1,680	3,799
Receipts in advance	1,876	5,681
Accruals	5,060	2,472
Other payables	7,930	29,010
	16,546	40,962

29. Bank borrowings

	2009	2008
	HK$'000	*HK$'000*
Bank borrowings		
– secured	91,667	78,768
– unsecured	22,675	55,494
	114,342	134,262
The borrowings are repayable as follows:		
Within one year	109,070	134,262
In the second year	5,272	–
	114,342	134,262
Less: Amount due for settlement within 12 months (shown under current liabilities)	(109,070)	(134,262)
Amount due for settlement after 12 months	5,272	–
Bank borrowings at:		
– floating interest rates	48,356	43,285
– fixed interest rates	65,986	90,977
	114,342	134,262

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

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

	2009	2008
Bank borrowings	5.8% – 9.0%	6.7% – 8.7%

30. Share capital

	Number of ordinary shares	Amount
		HK$'000
Authorised:		
At 31 March 2008 and 31 March 2009, ordinary shares of HK$0.05 each	10,000,000,000	500,000
Issued and fully paid:		
At 31 March 2008 and 31 March 2009, ordinary shares of HK$0.05 each	1,411,440,590	70,572

31. 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 2009 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

32. Reserves

Details of the movements of the Group's reserves are set out in the consolidated statement of changes in equity on pages 37 and 38.

33. Operating lease commitments

The Group as lessee

At the balance sheet date, the Group had committed to make the following future minimum lease payments for office property rented under non-cancellable operating lease which fall due as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Within one year	1,056	1,056
In the second year	–	1,056
	1,056	2,112

A lease is negotiated for remaining 1 year and rentals are fixed throughout the lease term.

34. Capital commitments

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

	2009	**2008**
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	15,544	628

35. 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 approximately HK$2,199,000 (2008: HK$1,628,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

36. 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. Save as disclosed elsewhere in the consolidated financial statements, details of transactions between the Group and other related parties are disclosed below.

Transactions

During the year ended 31 March 2009, group entities entered into the following related party transactions:

	2009	**2008**
	HK$'000	*HK$'000*
Interest income on loans to an associate	–	2,597
Interest income on loans to a company controlled by a former director *(note)*	2,760	–

Note: The former director is Mr. Zhou Yu Kang.

Compensation of key management personnel

The remuneration of key management personnel during the year ended 31 March 2009 was as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Short-term benefits	5,218	2,823
Retirement benefit scheme	25	31
	5,243	2,854

37. Subsidiaries

Details of the Company's subsidiaries, all of which are wholly owned by the Company, at 31 March 2009 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
Infinite Nature Limited	British Virgin Islands	US$1	100%	Investment holding
Man Lee Management Limited	Hong Kong	HK$2	100%	Management services
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	RMB105,350,000	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 c)*	PRC	RMB33,333,330	100%	Manufacture and sales of pharmaceutical products

Notes:

(a) The subsidiaries are directly held by the Company.

(b) The subsidiary was a wholly foreign owned enterprises established in the PRC and has been merged with another PRC subsidiary, 四平亞太藥業有限公司 (Siping Yatai Medicine Industry Co., Ltd.) during the year ended 31 March 2009.

(c) The subsidiary was a 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 ended 31 March 2009.

38. Summarised balance sheet information of the company

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

	2009	**2008**
	HK$'000	*HK$'000*
		(Restated)
Interests in subsidiaries	106,500	106,500
Prepayments, deposits and other receivables	70,039	39
Amounts due from subsidiaries	119,318	192,344
Bank balances and cash	663	14
	296,520	298,897
Other payables and accruals	(3,111)	(1,132)
Net assets	293,409	297,765
Share capital *(note 30)*	70,572	70,572
Reserves	222,837	227,193
Total equity	293,409	297,765

Loss of the Company for current year amounted to approximately HK$4,356,000 (2008: HK$2,265,000).

39. Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 March 2009.

40. Subsequent events

(a) Pursuant to a placing agreement entered into on 26 May 2009, the Company issued an aggregate of 88,500,000 ordinary shares of HK$0.05 each at a placing price of HK$0.397 per share to placees on 23 June 2009 and 29 June 2009 respectively. The net proceeds of approximately HK$34,080,000 which is intended to be used for settlement of part of the acquisition price for the acquisition mentioned in (b) below and general working capital of the Group. For details, please refer to the Company's announcement dated 26 June 2009.

(b) 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 (through a wholly-owned subsidiary) to Boa Fung Investments Limited of promissory notes. For further details, please refer to the Company's circular dated 31 March 2009. The acquisition was completed on 3 June 2009.

On 3 June 2009, Tian Sheng and its subsidiary (collectively referred as to "Tian Sheng Group") possessed property, plant and equipment of approximately HK$101,000, cash balance of approximately HK$3,000, other payables and accruals of approximately HK$796,000 and shareholder's loan of approximately HK$66,100,000.

The fair value of above assets and liabilities including the costs of acquisition of net assets of Tian Sheng Group at 3 June 2009 have not been audited. As at the date of this report, the fair value of promissory notes issued for the acquisition is still under progress of the valuation by an independent qualified valuer.

It is therefore not practicable to determine the amount of the fair value of the mining right of Tian Sheng Group.

(c) On 21 July 2009, the Company entered into subscription agreement with Joinsmart Asia Limited (the "Subscriber"), pursuant to which Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue 111,660,000 subscription shares at a price of HK$0.30 per new share. For details, please refer to the Company's announcement dated 21 July 2009.

(d) On 24 July 2009, a non-legal binding memorandum of understanding (the "MOU") was entered into between the Group and Mr. Lam, containing, among other terms, the parties' intention to discuss further and explore opportunity on the Group's proposed investment (through joint venture, acquisition or other form of cooperation) in 55% equity interest in the joint venture company which will, after implementation of certain reorganisation to be consummated pursuant to the MOU, be the owner of the Target Iron Mine. For details, please refer to the Company's announcement dated 24 July 2009.

41. Comparative

Certain comparative amounts have been reclassified to confirm with the current year's presentation.

3. UNAUDITED INTERIM RESULTS

Set out below is the unaudited financial information for the six months ended 30 September 2009 as extracted from the unaudited interim report for the six months ended 30 September 2009.

There were no extraordinary or exceptional items for the six months ended 30 September 2009.

Information regarding rates of dividend paid or proposed on each class of shares and amounts absorbed thereby has not been disclosed as no dividends were paid or proposed in respect of the six months ended 30 September 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2009

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2009

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2009

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009 (unaudited)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2009

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. Principal accounting policies

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

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009, except for the impact of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations described below.

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

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

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

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

Impact of new and revised HKFRSs not yet effective

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvement to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Amendments to HKFRS 2 Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 *Effective for annual periods beginning on or after 1 July 2009*

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

3 *Effective for annual periods beginning on or after 1 January 2010*

4 *Effective for annual periods beginning on or after 1 February 2010*

5 *Effective for annual periods beginning on or after 1 July 2010*

6 *Effective for annual periods beginning on or after 1 January 2011*

7 *Effective for annual periods beginning on or after 1 January 2013*

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

Mining right

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

Impairment of mining right

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

Expected useful lives of mining right and mineral reserves

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

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

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

3. Segment information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performances. In contrast, the predecessor standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risk and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. During the six months ended 30 September 2008 and the year ended 31 March 2009, the Group was not required to present segment information in accordance to HKAS 14 because the Group was only engaged in manufacture and sales of pharmaceutical products in the PRC and over 90% of the assets were situated in the PRC. The application of HKFRS 8 has not resulted in redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

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

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

– Manufacturing and sales of pharmaceutical products

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

(a) Business segment

The following is an analysis of the Group's revenue and results by operating segments for the periods:

Six months ended 30 September

	Manufacturing and sales of pharmaceutical products		Iron ore exploration operation		Consolidation	
	2009	2008	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	69,618	96,211	–	–	69,618	96,211
Total revenue	69,618	96,211	–	–	69,618	96,211
Segment results	(2,212)	9,978	(1,401)	–	(3,613)	9,978
Unallocated corporate expenses						
Operating loss of other segment					(2,186)	(4,197)
Loss on early redemption of promissory notes					(20,502)	–
Finance costs					(10,554)	(5,838)
Loss before taxation					(36,855)	(57)
Income tax expense					(3,306)	(700)
Loss for the period					(40,161)	(757)

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

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

(b) Geographical segment

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

4. Revenue

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

5. Finance costs

	For the six months ended 30 September	
	2009	**2008**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
Imputed interest on promissory notes	7,342	–
Interest on bank loan repayable within 5 years	3,212	5,838
	10,554	5,838

6. Loss before taxation

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

7. Income tax expense

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

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

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

8. Loss per share

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

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

9. Dividends

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

10. Property, plant and equipment

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

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

11. Mining right

	HK$'000 (unaudited)
Cost	
At 1 April 2009	–
Acquired through acquisition of subsidiaries *(Note 20)*	260,015
At 30 September 2009	260,015
Amortisation	
At 1 April 2009 and 30 September 2009	–
Carrying amount	
At 30 September 2009	260,015

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

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

No amortisation was provided for the six months ended 30 September 2009 as commercial production of the mine has not yet commenced during the period.

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

12. Trade and bills receivables

	At 30 September 2009 (unaudited) *HK$'000*	**At 31 March 2009 (audited)** *HK$'000*
Trade receivables	73,306	76,298
Less: accumulated impairment	(14,351)	(14,334)
	58,955	61,964
Bills receivable discounted/endorsed with recourse	5,848	2,383
	64,803	64,347

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

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

13. Prepayments, deposits and other receivables

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

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

14. Trade payables

	At 30 September 2009 (unaudited) *HK$'000*	At 31 March 2009 (audited) *HK$'000*
Trade payables	16,486	15,179

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

	At 30 September 2009 (unaudited) *HK$'000*	At 31 March 2009 (audited) *HK$'000*
0 to 90 days	10,812	10,085
91 to 180 days	1,262	1,266
181 to 365 days	2,481	2,519
Over 365 days	1,931	1,309
	16,486	15,179

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

15. Other payables and accruals

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

16. Share capital

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

Notes:

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

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

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

17. Promissory notes

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

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

Notes:

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

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

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

18. Bank borrowings

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

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

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

	At 30 September 2009 (unaudited)	At 31 March 2009 (audited)
Bank borrowings	5.58% – 7.66%	5.8% – 9.0%

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

19. Deferred tax liabilities

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

20. Acquisition of mining right and other assets and liabilities through acquisition of subsidiaries

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

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

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

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

21. Contingent liabilities

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

22. Capital commitments

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

	At 30 September 2009 (unaudited) *HK$'000*	At 31 March 2009 (audited) *HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	5,269	15,544

23. Event after the end of the reporting period

(i) On 24 October 2009, the Group entered into a conditional sale and purchase agreement to acquire 55% of the entire issued share capital of the PT. Dampar Golden International ("PT. Dampar") at an aggregate consideration of HK$566,500,000, which shall be satisfied as to (i) HK$30,750,000 as a refundable deposit payable in cash from internal resources of the Group and/or third party financing and (ii) HK$546,750,000 by the Group procuring the Company to issue the convertible note to the vendor. For further details, please refer to the Company's announcement dated 3 November 2009.

(ii) On 6 November 2009, the Company entered into the placing agreement with an independent third party, pursuant to which the Company has conditionally agreed to place, through the independent third party on a best effort basis, up to 320,000,000 shares to not fewer than six placees at a price of HK$0.26 per placing share. For details, please refer to the Company's announcement dated 8 November 2009. Ordinary shares of 88,000,000 were issued on 24 November 2009 for the purpose of increasing general working capital for the Group. The new share rank pari passu with the existing shares in all respects.

24. Related party transactions

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

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

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

4. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 January 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had outstanding borrowings of approximately HK$208,817,000, details of which are set out below:

	Principal amounts
	HK$'000
Bank borrowings, secured	86,064
Bank borrowings, unsecured	22,753
Promissory notes	100,000
	208,817

The secured bank borrowings bear interest rate at a rate of 6.1065% per annum.

The unsecured bank borrowings bear interest rate at a rate of 5.841% per annum.

The promissory notes are interest free. The maturity dates of the promissory notes are 15 months from the date of issue of the promissory notes.

Contingent liabilities

As at the close of business on 31 January 2010, being the latest practicable date for the purpose of this indebtedness statement, the Group had no material contingent liabilities outstanding.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, as at the close of business of 31 January 2010, the Group had no debt securities issued and outstanding, and authorized or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured, guaranteed, unguaranteed, secured and unsecured bank borrowings including, bank loans and overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credit, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

5. WORKING CAPITAL

The Directors are of the opinion that after taking into account the present available internal financial resources of the Group and the estimated net proceeds of the Open Offer, the Group has sufficient working capital for its present requirements (that is, for at least the next twelve months from the date of this Prospectus), in the absence of unforeseeable circumstances.

6. MATERIAL CHANGE

Save as disclosed in

1. the announcement of the Company dated 2 February 2009, the Group has entered into a conditional sale dated 3 December 2008 (as supplemented by the supplemental agreement dated 5 January 2009 and the second supplemental agreement dated 2 February 2009) in relation to the Acquisition 1, i.e. the acquisition of the entire issues share capital in Tian Sheng Resources Development Limited. The main asset of Tian Sheng is the entire equity interest in a Mongolia subsidiary, Khuderbold LLC which principally engaged in conducting mining work for iron resources in Mongolia. The acquisition was completed on 3 June 2009.

   The consideration of Acquisition 1 is HK$560 million, subject to adjustment as set out in the announcement of the Company dated 2 February 2009, be satisfied:

   (i) as to HK$70 million in cash;

   (ii) as to HK$230 million by issuing a promissory note by the Company to the vendor of the Acquisition 1 or its nominee(s).

2. the announcement of the Company dated 3 November 2009, Mighty Kingdom Investments Limited, a wholly owned subsidiary of the Company, as purchase has entered into a sale and purchase agreement dated 24 October 2009, between Empire Bridge Assets Limited as vendor and Mr. Lam Chong Sun as guarantor, in respect of the acquisition of 55% interest in PT. Dampar Golden International, a company incorporated in Indonesia for the consideration of HK$577,500,000. PT. Dampar Golden International and its subsidiaries are engaged in iron ore mining in Indonesia. Pursuant to a power of attorney given by PT. Indo Modern Mining Sejahtera, an independent third party and a beneficial owner of 40% of the entire issued share capital of PT. Dampar Golden International, PT. Dampar Golden International was granted the exclusive rights and authorities to carry out mining activities in the mining area located in Lumajang, East Java, Indonesia and covering a site area of at least 1,195 hectares. The consideration of Acquisition 2 shall be satisfied in the following manner:–

   (a) as to HK$30,750,000 as a refundable deposit payable in cash by the Group to the vendor of the Acquisition 2 or its nominee(s); and

   (b) as to HK$546,750,000 by issuing the convertible note by the Company to the vendor of the Acquisition 2 or its nominee(s) on completion of the Acquisition 2; and

3. the announcement of the Company dated 13 January 2010, the Company as purchaser entered into a sale and purchase agreement dated 22 December 2009 between Tain Wei Limited as vendor, Mr. Ma Hing Chun as guarantor in relation to the acquisition of the 1 share, being the entire issued share capital, in Speed Up Worldwide Limited for total consideration of HK$700,000,000. Pursuant to the two mining licences held by Qinglong Manzu Autonomous County Shenghua Beifang Mining Company Limited*（青龍滿族自治縣盛華北方礦業有限公司）, the PRC subsidiary of Speed Up Worldwide Limited, in respect of the area of the two iron mines in Ciyushan Village（茨榆山鄉）covered by the two mining licences are 0.704 square kilometers and 1.2192 square kilometers with an annual output capacity of 250,000 tonnes and 50,000 tonnes of iron ores, respectively, Speed Up Worldwide Limited and its subsidiaries are engaged in the exploitation of iron ores in Ciyushan Village（茨榆山鄉）of the Qinglong Manzu Autonomous County（青龍滿族自治縣）in the Hebei province of the PRC.

The consideration of the Acquisition 3 payable by the Company to the vendor of the Acquisition 3 is HK$700,000,000, which shall be satisfied, on the date of completion of the Acquisition 3, in the following manners:

(i) as to HK$560,000,000, by issuing the convertible note by the Company to the vendor to the Acquisition 3 or its nominee(s); and

(ii) as to HK$140,000,000, by allotting and issuing the consideration shares in the Company to the vendor of the Acquisition 3 or its nominee(s) at the Issue Price;

the Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 March 2009 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

REPORT ON THE UNAUDITED PRO FORMA STATEMENT ON ADJUSTED CONSOLIDATED NET TANGIBLE ASSET STATEMENT

The following is the text of a report, prepared for the sole purpose of incorporation in this Prospectus, received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, in respect of the unaudited pro forma statement on adjusted consolidated net tangible assets of the Group as set out in this appendix.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

25 March 2010

The Board of Directors
Asia Resources Holdings Limited
Unit 04, 34/F., Bank of America Tower,
12 Harcourt Road,
Central,
HONG KONG

Dear Sirs,

We report on the unaudited pro forma statement on adjusted consolidated net tangible assets (the "Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets") of Asia Resource Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 119 to 120 which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed open offer of 1,015,300,295 offer shares at subscription price of HK$0.13 per offer share (the "Offer Shares") on the basis of one Offer Share for every two existing shares held on record date payable in full on application (the "Open Offer") might have affected the financial information presented, for inclusion in Appendix II to the prospectus dated 25 March 2010 (the "Prospectus").

The basis of preparation of the Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets is set out on page 119 to the Prospectus.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets has been properly compiled by the directors of the Company on the basis stated that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 September 2009 or any future date.

OPINION

In our opinion:

a) the Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

2. UNAUDITED PRO FORMA STATEMENT ON ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets of the Group prepared in accordance with paragraph 13 of Appendix 1B and Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the net tangible assets of the Group as if the Open Offer had taken place on 30 September 2009. The Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 30 September 2009 or at any future date.

The Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets of the Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I and other financial information included elsewhere in the Prospectus.

The following Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets of the Group is based on the unaudited consolidated net tangible assets of the Group as set out in the section of "Unaudited Interim Results" in Appendix I, and adjusted to reflect the effect of the Open Offer:

Assuming the issue of 1,015,300,295 Offer Shares

Unaudited Consolidated net tangible assets of the Group before Open Offer	Estimated net proceeds from Open Offer	Unaudited pro forma statement on adjusted consolidated net tangible assets of the Group after Open Offer	Unaudited pro forma statement on consolidated net tangible asset of the Group before Open Offer	Unaudited pro forma statement on consolidated net tangible asset of the Group after Open Offer
HK$'000	*HK$'000*	*HK $'000*	*HK$*	*HK$*
Note (a)	*Note (b)*		*Note (c)*	*Note (d)*
139,310	128,071	267,381	0.0686	0.0878

Notes:

(a) The unaudited consolidated net tangible assets of the Group attributable to the Company's equity holders is based on the total equity of the Group as at 30 September 2009 of approximately HK$339,370,000 less mining right of approximately HK$260,015,000 and intangible asset of approximately HK$45,000 as shown in the section of "Unaudited Interim Results" in Appendix I.

(b) The estimated net proceeds from the Open Offer of approximately HK$128,071,000 are calculated based on 1,015,300,295 Offer Shares to be issued at the subscription price of HK$0.13 per Offer Share after deducting estimated expenses of approximately HK$3,918,000.

(c) The number of shares used for the calculation of this amount is 2,030,600,590 which was the number of existing shares immediately before Open Offer as at the latest practicable date.

(d) The number of shares used for the calculation of this amount is 3,045,900,885 which will be the total number of shares expected to be in issue after the completion of the Open Offer representing 1,015,300,295 Offer Shares to be issued pursuant to the Open Offer.

(f) The above Unaudited Pro Forma Statement On Adjusted Consolidated Net Tangible Assets of the Group illustrates the effect on the issue of 1,015,300,295 Offer Shares.

1. RESPONSIBILITY STATEMENT

This Prospectus, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts not contained herein the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

(a) Share capital as at the Latest Practicable Date

Authorised		*HK$*
10,000,000,000	Shares	500,000,000.00
Issued and fully paid:		
2,030,600,590	Shares as at the Latest Practicable Date	101,530,029.50

(b) Share capital upon the completion of the Open Offer

Authorised		*HK$*
10,000,000,000	Shares	500,000,000.00
Issued and fully paid:		
2,030,600,590	Shares as at the Latest Practicable Date	101,530,029.50
1,015,300,295	Offer Shares to be issued pursuant to the Open Offer	50,765,014.75
3,045,900,885	Share upon completion of the Open Offer	152,295,044.25

There are no arrangements under which future dividends will be waived or agreed to be waived.

Foreign exchange risk

Since almost all transactions of the Group are denominated in Hong Kong dollars and most of the bank deposits are being kept in Hong Kong dollars, the Directors believe that the Group has no exposure to foreign exchange risk to the Group. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the year.

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Offer Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the existing Shares.

The Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

(c) Share Options

As at the Latest Practicable Date, the Company had no outstanding Share Options under the Share Option Schemes:

Save as disclosed above, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests of the Directors in the Shares and the underlying Shares and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Interests in Shares:

As at the Latest Practicable Date, none of the Directors, chief executive of the Company has interest and short positions in the Shares and the underlying Shares of the Company and any of its associated corporations (within the meaning of Part XV of the SFO).

(ii) Interests in Share Options under Share Option Schemes:

As at the Latest Practicable Date, none of the Directors, chief executive of the Company has interest in Share Options under the Share Option Schemes:

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Director's interests in assets, contracts or arrangements of the Group

None of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2009 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this prospectus which was significant in relation to the business of the Group.

(c) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives of the Company as disclosed herein) had interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstance at general meeting of any member of the Group:

Substantial Shareholders:

Name of shareholder	Capacity	Position	Number of Shares	Approximate percentage of the total issued share capital of the Company as at the Latest Practicable Date
The Underwriter	Beneficial owners	Long	1,015,300,295	50%

Note: The Underwriter is interested in the above 1,012,300,295 Underwritten Shares pursuant to the Underwriter Agreement. As at the Latest Practicable Date 80.9% of the entire issued share capital of the Underwriter was beneficially held by Mr. Yue Wai Keung who also held 180,000,000 Shares, representing approximately 8.86% of the entire issued share capital of the Company. By virtue of the SFO, Mr. Yue Wai Keung was also deemed to be interested in the 1,012,300,295 Underwritten Shares that Underwriter was interested in.

Other than disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or any persons (other than the Directors and chief executive of the Company) who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstance at general meeting of any member of the Group.

4. MATERIAL CONTRACTS

Saved as disclosed below, no other contract (not being contracts in the ordinary course of business) had been entered into by any member of the Group within two years immediately preceding the date of this prospectus which are or may be material:

1. the sale and purchase agreement dated 3 December 2008 (as supplemented by the supplemental agreement dated 5 January 2009 and the second supplemental agreement dated 2 February 2009) and entered into between Bao Fung Investments Limited, as vendor, Mr. Sun Tak Keung, and Mr. Chan Shun Yuen as vendor's warrantors, Infinite Nature Limited, a wholly-owned subsidiary of the Company as purchaser and the Company as purchaser's warrantor in relation to the acquisition by the Group of the entire issued share capital in Tian Sheng Resources Development Limited for total consideration of HK$560,000,000;

2. the placing agreement dated 25 May 2009 and entered into between Sun Hung Kai Investment Services Limited and the Company in relation to the placing, on a best efforts basis, of up to 140,000,000 Shares at the placing price of HK$0.396 per Share;

3. the subscription agreement dated 21 July 2009 and entered into between Joinsmart Asia Limited and the Company in relation to the subscription of 111,660,000 Shares at the subscription price of HK$0.3 per Share;

4. the subscription agreement dated 24 August 2009 and entered into between Banian International Industrial Group Limited and the Company in relation to the subscription of 81,000,000 Shares at the subscription price of HK$0.25 per Share;

5. the sale and purchase agreement dated 24 October 2009 and entered into between Empire Bridge Assets Limited as vendor, Mr. Lam Chong Sun as guarantor and Mighty Kingdom Investments Limited, a wholly-owned subsidiary of the Company as purchaser in relation to the acquisition by the Group of the 55,000 shares PT. Dampar Golden International, being the entire issued share capital, in Speed Up Worldwide Limited for total consideration of HK$ 577,500,000;

6. the placing agreement dated 6 November 2009 and entered into between Hani Securities (H.K.) Limited and the Company in relation to the placing, on a best efforts basis, of up to 320,000,000 Shares at the placing price of HK$0.26 per Share;

7. the sale and purchase agreement dated 22 December 2009 and entered into between Tain Wei Limited as vendor, Mr. Ma Hing Chun as guarantor and the Company as purchaser in relation to the acquisition by the Company of the 1 share, being the entire issued share capital, in Speed Up Worldwide Limited for total consideration of HK$700,000,000;

8. the placing agreement dated 8 February 2010 and entered into between the Underwriter and the Company in relation to the placing, on a best efforts basis, of up to 250,000,000 Shares at the placing price of HK$0.19 per Share; and

9. the Underwriting Agreement.

5. LITIGATION

As at the Latest Practicable Date, none of the member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or was proposing to enter into any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

7. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

(a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2009, the date to which the latest published audited financial statements of the Group were made up.

(b) As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which compete or may compete either directly or indirectly with the business of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinions and advice which are included in this prospectus:

Name	Qualification
HLB Hodgson Impey Cheng ("HLB")	Chartered Accountants Certified Public Accountants

1. As at the Latest Practicable Date, HLB did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

2. HLB has given and has not withdrawn its written consent to the issue of this prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

3. As at the Latest Practicable Date, HLB did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

10. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Board of Directors	Mr. Chim Kim Lun, Ricky Mr. Chan Sung Wai Mr. Chan Hou Kong Mr. Danny Sun Ms. Lee Yang Mr. Wong King Lam Joseph Mr. Yiu Fai Ming Mr. Zhang Xianlin Mr. Tse Yuk Kong All of Unit 3404, 34th Floor Bank of America Tower 12 Harcourt Road Hong Kong
Head office and principal place of business	Unit 3404, 34th Floor Bank of America Tower 12 Harcourt Road Hong Kong
Registered office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Underwriter	Luen Fat Securities Company Limited, 6/F New Henry House 10 Ice House Street Central Hong Kong
Legal advisers to the Company	*As to Hong Kong Law* Michael Li & Co. 14/F Printing House 6 Duddell Street, Central Hong Kong

	As to Bermuda Law Conyers Dill & Pearman 2901, One Exchange Square 8 Connaught Place Central Hong Kong
Reporting accountants	HLB Hodgson Impey Cheng 31/F., Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong
Principal bankers	China Construction Bank Corporation Agricultural Bank of China CITIC Ka Wah Bank Limited The Hongkong and Shanghai Banking Corporation Limited Wenzhou City Commercial Bank
Principal share registrar and transfer office	The Bank of Bermuda Limited Bank of Bermuda Building 6 Front Street Hamilton HM11 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited 26/F., Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorised representatives	Mr. Chim Kim Lun, Ricky Unit 3404, 34th Floor Bank of America Tower 12 Harcourt Road Hong Kong
	Ms. Luler Tang Lo Nar Unit 3404, 34th Floor Bank of America Tower 12 Harcourt Road Hong Kong

Company secretary Ms. Luler Tang Lo Nar

Particulars of the Directors

Executive Directors

Mr. Chim Kim Lun, Ricky ("Mr. Chim"), aged 40, succeeded as executive Director on 15 October 2008 and the chairman of the Company on 19 December 2008. He holds a Bachelor degree in Arts from the University of British Columbia in Canada and has over 10 years of commercial and industrial experiences and of experience in investment. He is also an executive director of Bestway International Holdings Limited (stock code: 718), Huscoke Resources Holdings Limited (stock code: 704), Yueshou Environment Holdings Limited (stock code: 1191) (till November 2009), Hengli Properties Development (Group) Limited (till December 2008) (stock code: 169), Bel Global Resources Holdings Limited (till November 2008) (stock code: 761) and Karce International Holdings Company Limited (till April 2009) (stock code: 1159) which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Chan Sung Wai ("Mr. Chan"), aged 61, has extensive experience in trading, real property and shipping industries. Mr. Chan also has extensive experience in financial and media business. He has been working for a number of years on the major media companies in Hong Kong, and is responsible for covering, editing and writing commentaries. Mr. Chan is also a chief editor of the petroleum magazine and has comprehensive knowledge on the media industry in the PRC. Mr. Chan was an executive director of Grand Field Group Holdings Limited (stock code: 115) for a period from 14 November 2007 to 18 June 2008, and an existing executive director of Xian Yuan Titanium Resources Holdings Limited (stock code: 353) and Karce International Holdings Company Limited (stock code: 1159), which are listed on the main board of the Stock Exchange.

Mr. Wong King Lam, Joseph ("Mr. Wong"), aged 57, has more than 29 years' extensive experience in auditing, corporate and financial management with a number of companies in different business sectors which include an international accounting firm and local listed companies. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Wong has been an executive director and an independent non-executive director of Grand Field Group Holdings Limited (stock code: 115) since 10 November 2009, Karce International Holdings Company Limited (Stock code: 1159) since 12 October 2009, and Tungtex (Holdings) Company Limited (stock code: 518) since 18 August 2004 respectively up to present, and was the company secretary of the same company from 1987 to 1991, as well as the financial controller of the same company from 1987 to 1992. He was also an independent non-executive director of China Strategic Holdings Limited (stock code: 235) for the period from 30 September 2004 to 18 October 2007, Hanny Holdings Limited (stock code: 275) and Wing On Travel (Holdings) Limited (stock code: 1189) for the period from 30 September 2004 to 31 October 2007, and China Infrastructure Investment Limited (formerly known as Honesty Treasure International Holdings Limited) (stock code: 600) for the period from 25 August 2005 to 20 August 2007, and an executive director of Grand Field Group Holdings Limited (stock code: 115) for the period from 16 March to 31 December 2007.

Mr. Chan Hou Kong (formerly known as Chan Shun Yuen) ("Mr. HK Chan"), aged 30, studied Bachelor of Business in University of Newcastle, Australia and is experienced in commercial and investment fields. Mr. HK Chan has not held any directorship in any listed companies in Hong Kong during the past three years. Mr. HK Chan is the shareholder and director of Bao Fung Investments Limited, the vendor of Tian Sheng Resources Development Limited (the "Tain Sheng"), a wholly-owned subsidiary of the Company, which in turn, through its entire equity interest in a Mongolian company (namely, Khuderbold LLC), is the holder of the Iron Mining Licence as referred to and defined in the circular of the Company dated 31 March 2009, the acquisition of which was completed on 3 June 2009. As at the Latest Practicable Date, Mr. HK Chan is a director of Tian Sheng. Save as disclosed above, Mr. HK Chan has not held any position with the Group.

Mr. HK Chan, through his investment vehicles, is interested in certain convertible bonds issued by Karce International Holdings Company Limited (the "Karce") (stock code: 1159), of which Mr. Chan Sung Wai is a director and Mr. Chim Kim Lun, Ricky is a former director. Both Mr. Chan Sung Wai and Mr. Chim are current directors of the Company. Mr. HK Chan is currently a director of some of the subsidiaries of Karce. Save as disclosed above, Mr. HK Chan is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company and does not has any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Danny Sun ("Mr. Sun"), aged 46, has more than 25 years of experience in management of various self-owned, private-owned and public companies in a number of industries such as mining, technology, futures and environment. He got an honorary Ph.D from Inter-American University, currently acts as the Researcher of Public Economy Academy of Peking University.

Mr. Sun is currently a director of Garrison International Limited listed on the TSX Venture in Canada (Trading Symbol: GAU). He was the director of Polo Resources Limited ("Polo") listed on the AIM in the UK (Trading Symbol: PRL). Mr. Sun has extensive experience in international trade and natural resource investment. During his term of office in Polo, he brought in a wealth of experience and opportunity in connection with business negotiation among Mongolia and China government agencies, overseas companies and business groups.

Ms. Lee Yang ("Ms. Yang"), aged 43, has more than 20 years of experience in accounting and management of various self-owned, private-owned and public companies in a number of industries such as marketing and consultancy. She got a bachelor degree in Journalism from Shenxi University and in Management of Business Administration from Farleigh Dickinson University, the USA.

Ms. Yang was a director of Garrison International Limited listed on the TSX Venture in Canada (Trading Symbol: GAU) for the period from 2005 to 2007. Save as disclosed above, Ms. Yang had not held any other positions with any members of the Company and had not held any other directorships in any listed public companies in the last three years.

Independent non-executive Directors

Mr. Yiu Fai Ming ("Mr. Yiu"), aged 55, currently is the Executive Director of King Jet Investment Services Limited, a company engaged in the provision of business and investment advisory services to corporate clients. Mr. Yiu holds a Master Degree in Business Administration from Open University of Hong Kong. Mr. Yiu is a Fellow of the Hong Kong Institute of Certified Public Accountants and Chartered Institute of Management Accountants, UK, an Associate of Institute of Chartered Accountants in England and Wales and a member of the Taxation Institute of Hong Kong. Mr. Yiu has over 30 years extensive working experience firstly in accounting and auditing at Price Waterhouse (now known as PricewaterhouseCoopers) and secondly in financial management in both the industrial and commercial sector, including privately-owned and listed companies in varied industries in Hong Kong.

Mr. Zhang Xianlin ("Mr. Zhang"), aged 56, currently the Executive Vice President of HNA Group Co., Ltd. and the Executive Chairman of HNA Group (Hong Kong) Co., Limited. Mr. Zhang graduated from Huazhong University of Science and Technology with a Master Degree in Business Administration and a Doctor Degree in Management. He is a Chinese certified public accountant and senior accountant. For the period from 1974 to 2007, he served in the senior management positions in China National Aviation Corporation (Group) Limited and the Civil Aviation Administration of China. Besides, Mr. Zhang was a General Manager in China National Aviation Company Limited, a director in Hong Kong Dragon Airlines Limited, the Chairman of Board of Supervisors in Air Macau Company Limited and a Chairman of Board of Supervisors in Air China Limited. In addition, Mr. Zhang was a non-executive director in Cathay Pacific Airways Limited (stock code: 293) for the period from August 1997 to May 2007, which is listed on the main board of the Stock Exchange. Mr. Zhang has over 30 years of extensive experience in enterprise finance and investment management.

Mr. Tse Yuk Kong ("Mr. Tse"), aged 54, was appointed on 3 February 2009. Mr. Tse is an experienced TV production professional, expert in image building, product positioning and related production. Starting from 1984, he had worked for TVB Art Department, followed by ATV Art Department. He then worked as ATV Production Service Assistant Controller from year 2002 to 2007, managing various aspects of ATV Production Services. Mr. Tse was an independent non-executive director of Karce International Holdings Company Limited (stock code: 1159) for a period from 2 March 2009 to 28 April 2009 which is listed on the main board of the Stock Exchange. Mr. Tse is currently the non-executive director of one the subsidiaries of the Group.

11. EXPENSES

The expenses in connection with the Open Offer, including the underwriting commission and professional fees payable to lawyers and financial printer, etc., are estimated to be approximately HK$4 million and will be payable by the Company.

12. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance.

13. MISCELLANEOUS

(a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(b) The principal place of business of the Company in Hong Kong is Unit 04, 34/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

(c) The company secretary of the Company is Ms. Luler Tang Lo Nar who is a fellow member of the Association of Chartered Certified Accountants and a member of Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators.

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) The English text of this Prospectus and the form of proxy shall prevail over the Chinese text for the purpose of interpretation.

14. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES IN HONG KONG AND BERMUDA

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert and consent" in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents has been or will as soon as practicable be filed with the Registrar of Companies in Bermuda in accordance with the Companies Act.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at Unit 3404, 34th Floor, Bank of America Tower, 12 Harcourt Road, Hong Kong, during the period from the date of this prospectus up to and including completion of the Open Offer, Friday, 16 April 2010.

(a) the memorandum of association and bye-laws of the Company;

(b) the audited annual reports of the Company for the two years ended 31 March 2008 and 2009;

(c) the unaudited interim report of the Company for the six months period ended 30 September 2009;

(d) the written consents referred to in the paragraph headed "Expert and consent" in this appendix III;

(e) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in appendix II to this prospectus;

(f) the letter from HLB in respect of the pro forma financial information following completion of the Open Offer, the text of which is set out in appendix II to this prospectus;

(g) the service contract referred to in the paragraph headed "Service contracts" in this appendix III;

(h) a copy of each of the material contracts referred to in the paragraph headed "Material contracts" in this appendix III;

(i) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since 31 March 2009 (the date to which the latest published audited consolidated financial statements of the Group were made up);

(j) a copy of the Companies Act 1981 of Bermuda; and

(k) this Prospectus.