

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31st March, 2003.

### CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company in an annual general meeting held on 3rd September, 2002, the Company changed its name from Asia Resources Transportation Holdings Limited to Asia Resources Holdings Limited.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are the manufacture and sales of pharmaceutical products and the provision of transportation related services. The group of companies engaging in the manufacture and sales of pharmaceutical products was acquired by the Group in June 2002 for a consideration of HK\$106.5 million.

During the year, the Group ceased the provision of travel related services and the operation of a restaurant.

### RESULTS

The results of the Group for the year ended 31st March, 2003 are set out in the consolidated income statement on page 19.

### SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 23 to the financial statements.

### RESERVES

Movements in the reserves of the Group and the Company during the year are set out on page 23 and note 25 to the financial statements respectively.

### PROPERTY, PLANT AND EQUIPMENT

The Group's vessels were revalued on 31st March, 2003, resulting in a deficit of approximately HK\$34.4 million, which has been charged to the consolidated income statement. In addition, there was approximately HK\$54.2 million of property, plant and equipment acquired on acquisition of subsidiaries during the year and the Group has incurred approximately HK\$14.6 million in construction in progress to expand and improve the manufacturing facilities of its pharmaceutical business.

Details of these and other movements in property, plant and equipment of the Group and the Company during the year are set out in note 15 to the financial statements.

### DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

*Executive directors:*

Ms. Zhang Cheng ( <i>Chairman</i> )	(appointed on 14th April, 2003)
Mr. Lin Dong	(appointed on 1st August, 2002)
Mr. Feng Xiang Cai	(appointed on 4th September, 2002)
Mr. Wong Kwong Miu	(resigned on 14th April, 2003)
Mr. Wong Kwong Lung, Terence	(resigned on 14th April, 2003)
Mr. Lam Tak Shing	(resigned on 4th September, 2002)
Mr. Wong Siu Chow, Johnny	(resigned on 1st August, 2002)
Mr. Chan Wing Ming, William	(resigned on 11th April, 2002)

*Independent non-executive directors:*

Mr. Qiu Yi Yong	
Mr. Lam Yin Ming, Lawrence	
Ms. Jin Jane	(appointed on 1st July, 2003)
Mr. Ho Kwok Wah, George	(resigned on 11th April, 2002)
Ms. Chung Lai Fong	(resigned on 11th April, 2002)

In accordance with Clauses 86 and 87 of the Company's Bye-laws, Messrs. Feng Xiang Cai and Lam Yin Ming, Lawrence and Ms. Jin Jane retire and, being eligible, offer themselves for re-election.

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

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

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SECURITIES

As at 31st March, 2003 the interests of a director in the shares of the Company, as recorded in the register maintained by the Company pursuant to Section 29 of Hong Kong's Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Number of ordinary shares held as corporate interest
Mr. Wong Kwong Miu ("Mr. Wong")	1,539,033,214*

\* Mr. Wong beneficially owns and controls Dynamic Sunrise Limited which in turn wholly-owned Unichina Enterprises Limited ("Unichina"). Accordingly, Mr. Wong is deemed to be interested in the shares held by Unichina.

Save as disclosed above, none of the directors nor any of their associates had any interests as at 31st March, 2003 in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 24 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the directors or their spouses or children under the age of 18, had any rights to subscribe for securities of the Company or had exercised any such rights.

### SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2003, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that the following persons, in addition to the director Mr. Wong as stated under the paragraph headed "Directors' interests in securities", is interested in 10% or more of the nominal value of the issued ordinary shares of the Company.

Name of shareholders	Number of shares held
Unichina	1,539,033,214
Dynamic Sunrise Limited*	1,539,033,214
Madam Fu Bo	804,000,000

\* Dynamic Sunrise Limited was deemed to have interests in 1,539,033,214 shares of the Company by virtue of its equity interests in Unichina.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the issued share capital of the Company as at 31st March, 2003.

### SHARE OPTIONS

Details of share options are set out in note 24 to the financial statements.

### DIRECTORS' INTERESTS IN CONTRACTS

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

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 35% of the Group's total sales while the sales attributable to the Group's largest customer was approximately 14% of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers comprised approximately 60% of the Group's total purchases while the purchases attributable to the Group's largest supplier was approximately 27% of the Group's total purchases.

Save as disclosed above, none of the directors, their associates or any shareholder, which to the knowledge of the directors owned more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest customers or suppliers of the Group.

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

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

### **PRE-EMPTIVE RIGHTS**

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

### **CORPORATE GOVERNANCE**

The Company has complied throughout the year ended 31st March, 2003 with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **POST BALANCE SHEET EVENTS**

Details of significant post balance sheet events are set out in note 34 to the financial statements.

### **AUDITORS**

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

On behalf of the Board

**LIN DONG**  
*DIRECTOR*

Hong Kong, 18th July, 2003