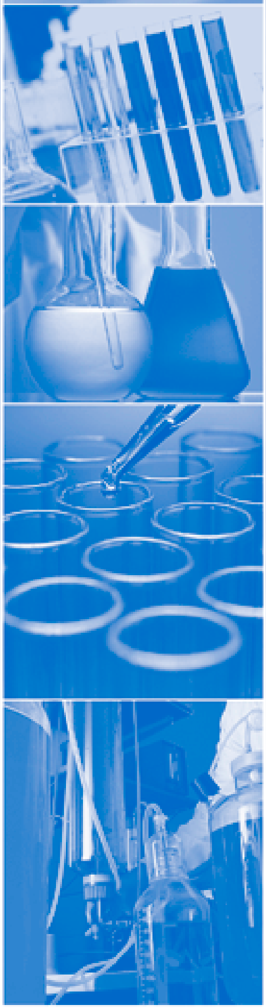

INTERIM REPORT 2005 - 2006

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

* For identification purpose only

INTERIM RESULTS

The Board of Directors (the "Board") of Asia Resources Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively refer to as the "Group") for the six months ended 30th September 2005 together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2005

	Notes	**For the six months ended 30th September** **2005** **(unaudited)** **HK$'000**	2004 (unaudited and restated) HK$'000
Turnover	3	**61,477**	61,538
Cost of goods sold		**(33,800)**	(23,241)
Gross profit		**27,677**	38,297
Interest income		**2,577**	112
Other revenue		**249**	366
Selling and distribution costs		**(11,649)**	(21,896)
Administrative expenses		**(8,901)**	(5,799)
Profit from operations	4	**9,953**	11,080
Finance costs		**(4,613)**	(1,872)
Profit before taxation		**5,340**	9,208
Taxation	5	**(1,233)**	(2,444)
Profit for the period		**4,107**	6,764
Attributable to:			
Shareholders of the Company		**4,107**	7,166
Minority interests		**–**	(402)
		4,107	6,764
		HK cents	HK cents
Earnings per share	6		
– Basic		**0.29**	0.62
– Diluted		**N/A**	0.54

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30th September 2005 (unaudited) HK$'000	31st March 2005 (audited and restated) HK$'000
Non-current assets			
Property, plant and equipment		**172,488**	110,169
Intangible assets		**1,387**	959
Goodwill		**287,877**	231,403
Prepaid land lease payments		**10,221**	8,113
Deposits made on acquisition of property, plant and equipment		**4,089**	4,230
Deposit made for investment in a subsidiary		**–**	2,400
Deferred tax assets		**2,242**	2,199
		478,304	359,473
Current assets			
Inventories		**18,315**	14,393
Prepaid land lease payments		**325**	277
Trade and other receivables	7	**136,955**	90,881
Bank balances and cash		**179,928**	277,000
		335,523	382,551
Current liabilities			
Trade and other payables	8	**32,341**	24,670
Taxation		**959**	1,053
Short-term bank loans		**66,282**	73,516
		99,582	99,239
Net current assets		**235,941**	283,312
Total assets less current liabilities		**714,245**	642,785
Capital and reserve			
Share capital	9	**70,572**	70,572
Reserve		**560,100**	553,363
Total equity		**630,672**	623,935
Non-current liabilities			
Long-term bank loan		**83,573**	18,850
		714,245	642,785

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2005

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Special reserve HK$'000	PRC statutory reserve HK$'000	Deficit HK$'000	Total HK$'000
At 1st April 2005	**70,572**	**497,831**	**–**	**92,926**	**1,812**	**(39,206)**	**623,935**
Net profit attributed to shareholders	**–**	**–**	**–**	**–**	**–**	**4,107**	**4,107**
Exchange difference arising on translation of foreign currency financial statements	**–**	**–**	**2,630**	**–**	**–**	**–**	**–**
At 30th September 2005	**70,572**	**497,831**	**2,630**	**92,926**	**1,812**	**(35,099)**	**630,672**
At 1st April 2004	51,822	133,861	–	92,926	1,358	(59,141)	220,826
Issued of shares	8,750	341,250	–	–	–	–	350,000
Expenses incurred in connection with the issued of shares	–	(7,103)	–	–	–	–	(7,103)
Net profit attributed to shareholders, as restated	–	–	–	–	–	7,166	7,166
At 30th September 2004, as restated	60,572	468,008	–	92,926	1,358	(51,975)	570,889

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2005

	For the six months ended 30th September	
	2005	2004
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Net cash from/(used in) operating activities	**(29,743)**	(8,828)
Net cash from/(used in) investing activities	**(55,253)**	(144,746)
Net cash from/(used in) financing	**(13,319)**	347,623
Increase/(decrease) in cash and cash equivalents	**(98,315)**	194,049
Cash and cash equivalents at beginning of the period	**278,243**	30,084
Cash and cash equivalents at end of the period	**179,928**	224,133
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**179,928**	224,133

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated 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 financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March 2005 except that the Group has adopted a number of new Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are generally effective for accounting periods beginning on or after 1st January 2005. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have effects on how the results for the current or prior accounting periods are prepared and presented:

HKAS 1 "Presentation of financial statements"

The application of HKAS 1 led to an update of the presentation of financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attribute to minority interests and that attributable to owners of the parent company is now presented as an allocation of the net result of the year. This change has been applied retrospectively.

HKAS 17 "Leases"

In prior periods, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and any impairment losses.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKAS 17 "Leases" *(Continued)*

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from fixed assets to prepaid land lease payments, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortized on the straight-line basis over the lease term. Alternatively, when the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

This change in accounting policy has had no effect on the condensed consolidated income statement and retained profits. The comparatives on the condensed consolidated balance sheet for the year ended 31st March 2005 have been restated to reflect the reclassification of leasehold land.

As disclosed in the 2005 annual financial statements, the Group had elected to early adopt HKFRS 3, HKAS 38 and HKAS 40. The full year effect of the adoption of these HKFRS had been disclosed in the 2005 annual financial statements. The comparative figures of current period condensed financial statements had been amended in accordance with those HKFRS and the change had resulted in an increase in profit of HK$4,096,000 for the six months ended 30th September 2004.

3. TURNOVER AND SEGMENT INFORMATION

The Group's operation is regarded as a single segment, being an enterprise engaged in the manufacture and sales of pharmaceutical products in the People's Republic of China (the "PRC"). Accordingly, no business segment and geographical analysis of information is presented.

4. PROFIT BEFORE TAXATION

Profit from operations has been arrived at after charging:

	For the six months ended 30th September	
	2005	2004
	HK$'000	HK$'000
Depreciation and amortization of property, plant and equipment	**7,859**	3,845
Amortization of prepaid land lease payments	**159**	62
Amortization of intangible assets	**346**	80
Staff cost (including directors' remuneration)	**5,255**	4,412

5. TAXATION

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

The charges for the period represented the PRC income tax. Pursuant to the relevant laws and regulations in the PRC, the PRC subsidiaries are 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. Accordingly, PRC income tax has been provided taking into account of these tax exemptions and concessions.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the six months ended 30th September	
	2005	2004
	HK$'000	HK$'000
Earnings:		
Net profit attributable to shareholders for the purposes of basic and diluted earnings per share	**4,107**	7,166

	2005	2004
Number of shares:		
Number of/weighted average number of ordinary shares for the purpose of basic earnings per share	**1,411,440,590**	1,150,238,404
Effect of dilutive potential ordinary shares – option		181,370,220
Weighted average number of ordinary shares for the purpose of diluted earnings per share		1,331,608,624

7. TRADE AND OTHER RECEIVABLES

	30th September 2005 (unaudited) HK$'000	31st March 2005 (audited) HK$'000
Trade receivables	**71,029**	63,212
Other receivables	**65,926**	27,669
	136,955	90,881

7. TRADE AND OTHER RECEIVABLES *(Continued)*

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, at the respective reporting date:

	30th September 2005 (unaudited) HK$'000	31st March 2005 (audited) HK$'000
0 to 90 days	**55,999**	53,222
91 to 180 days	**12,053**	8,740
181 to 365 days	**2,977**	1,250
	71,029	63,212

8. TRADE AND OTHER PAYABLES

	30th September 2005 (unaudited) HK$'000	31st March 2005 (audited) HK$'000
Trade payables	**18,668**	9,765
Other payables	**13,673**	14,905
	32,341	24,670

8. TRADE AND OTHER PAYABLES *(Continued)*

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

	30th September 2005 (unaudited) HK$'000	31st March 2005 (audited) HK$'000
0 to 90 days	**5,622**	6,520
91 to 180 days	**1,582**	573
181 to 365 days	**8,113**	215
Over 365 days	**3,350**	2,457
	18,668	9,765

9. SHARE CAPITAL

	30th September 2005 HK$'000	31st March 2005 HK$'000
Authorized:		
10,000,000,000 shares of HK$0.05 each	**500,000**	500,000

	Number of ordinary shares	**Amount** HK$'000
Issued and fully paid:		
At lst April 2005 and 30th September 2005	1,411,440,590	70,572

INTERIM DIVIDEND

The Board of directors has resolved not to declare an interim dividend for the six months ended 30th September 2005 (2004: Nil).

ACQUISITION

In April 2005, the Group acquired the entire equity interest in Siping Yatai Medicine Industry Co., Ltd ("Siping Yatai") through the acquisition of 100% interest in Silver Epoch Investments Limited ("Silver Epoch") for a total cash consideration of HK$30,000,000. Siping Yatai is principally engaged in the manufacturing and sales of intravenous fluid and the plastic bottle that hold the fluid which are existing products of the Group in the PRC. The production plant is located at Siping, Jilin Province, the PRC and has an annual production capacity of 30 million bottles. Details of the acquisition are set out in the circular of the Company dated 7th April 2005. This acquisition has been accounted for by the acquisition method of accounting.

Details of the assets and liabilities acquired and goodwill arising on acquisition is as follows:

	Carrying amounts and fair values
	HK$'000
Property, plant and equipment	64,241
Intangible asset	704
Prepaid land lease payment	2,114
Inventories	573
Trade and other receivables	1,535
Bank balances and cash	2,078
Trade and other payables	(34,570)
Bank loans	(63,148)
Goodwill arising on acquisition	56,473
Cash consideration paid	30,000
Net outflow of cash and cash equivalents in connection with the purchase of subsidiaries	
Cash consideration paid	(30,000)
Bank balances and cash acquired	2,078
	(27,922)

The goodwill arising on the acquisition of Silver Epoch Investments Limited ("Silver Epoch") is attributable to the anticipated future operating synergies from the combination.

The subsidiaries acquired during the period contributed HK$301,000 to the Group's turnover and loss amounted to HK$3,494,000.

BUSINESS REVIEW AND PROSPECT

For the six months ended 30th September 2005, the Group's turnover amounted to approximately HK$61,477,000, representing a slight decrease of less than 1% from approximately HK$61,538,000 for the corresponding period last year. Profit attributable to shareholders of the Company decreased from approximately HK$7,166,000 for the corresponding period last year to approximately HK$4,107,000 for this period.

The operating environment for the six months during the period under review was full of challenges. Given the keen market competition, the Group's competitors slashed prices one by one to promote sales. With the objectives of strengthening market share and supporting future business growth, the Group also needed to reduce prices for competition, which led to a downward move of the selling price of the products. The selling price of some higher gross profit margin products has dropped by more than 50%. Besides the price pressure, the Group took double blow on the increase in the cost of raw material. Consequently, gross profit margin of products fell from approximately 62% for the corresponding period last year to approximately 45% for this period. The cost of raw material increased because the purchase price of plastic, which was the major material for holding intravenous fluids, once went up more than 40% from the corresponding period last year. Plastic was a by-product of oil and since the oil price kept rising over the past two years (the price of US crude oil futures used to rise to as high as USD70 per barrel), the cost of plastic significantly rose. Despite the continuous endeavor of the Group's sales team which contributed to the growth of approximately 34% of the overall sales volume compared with the corresponding period last year, the loss incurred by the decrease in selling prices and the increase in the cost of raw material was not fully offset and gross profit was therefore pushed down by approximately 27% from the corresponding period last year. Although the selling expenses were firmly controlled and lowered by 47% from the corresponding period last year, profit attributable to shareholders still dropped by approximately 43%. Net profit margin fell from approximately 12% for the corresponding period last year to approximately 7% for this period.

The newly acquired Siping Yatai remained in its initial stage of operation and not yet achieved the economy of scale in production, generating a relatively high unit cost. Currently, Siping Yatai mainly undertakes orders sub-contracted by other plants, which cannot absorb those orders due to saturated production capacity. No profit contribution to the Group has been attributable to this company for the moment.

The Group will co-ordinate the production pattern and scale of the three plants and boost the synergy to reduce production cost and administration and taxation expenses, in an attempt to improve the revenue of intravenous fluids. Since the highly competitive selling prices and the cost pressure are not expected to alleviate in the near term, the Group will increase its production and sales volumes to balance the loss caused by the reduction in price and gross profit.

As disclosed in the annual report for the previous year, the Board has continued to look for suitable investment opportunities to expand the revenue base of the Group. In October 2005, the Group entered into an agreement with an independent third party to acquire a 30% equity interest in a company incorporated in the British Virgin Islands. The acquired company wholly owns a wholly foreign-owned enterprise which engages in property development in China. Currently, the major business of the enterprise is the development of a commercial/ residential project in Hangzhou of Zhejiang Province. The cash consideration for the acquisition was HK$120,000,000. A refundable amount of HK$30,000,000, being the earnest money, was paid before 30th September 2005 and the remaining portion of the consideration was settled upon completion of the agreement. The property site, located alongside the Qiantang River and with a site area of about 18,700 square metres, will create a floor area of about 90,000 square metres and a total of about 1,100 commercial and residential units and approximately 300 parking spaces upon completion. It is expected to complete in 2007. The property site has been put in advance sale since this year, with the current lowest sale price at approximately RMB8,000 per square metre. In view of the superior location and the fair pricing of the property site, the Board believes that it can generate reasonable returns for the Group.

Looking forward to the second half of the year, since it is unlikely that the operating environment of intravenous fluids will improve and the profitability of which will rise remarkably, the Group expects to further invest in other profitable projects so as to generate better shareholder returns.

Mr. Qiu Yiyong has resigned as an independent non-executive director due to personal reasons. The Board would like to express its gratitude to Mr. Qiu for his valuable contribution to the Group during his term of service.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30th September 2005, the Group had total assets of HK$813,827,000 (31st March 2005: HK$742,024,000) which was financed by current liabilities of HK$99,582,000 (31st March 2005: HK$99,239,000), long-term liabilities HK$83,573,000 (31st March 2005: HK$18,850,000), shareholder's equity of HK$630,672,000 (31st March 2005: HK$623,935,000).

The Group's current ratio as at 30th September 2005 was approximately 3.37 (31st March 2005: 3.85) and gearing ratio, representing the total borrowing divided by the shareholders equity was approximately 23.8% (31st March 2005: 14.8%).

The total outstanding borrowings of the Group as at 30th September 2005 were denominated in Renminbi with fixed interest rate.

As at 30th September 2005, the Group had pledged certain of its property, plant and equipment with an aggregate net book value of HK$58,709,000 (31st March 2005: HK$47,516,000) to secure the banking facilities granted to the Group.

The Group and the Company had no material capital commitment and contingent liabilities as at 30th September 2005.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

DIRECTORS' INTERESTS IN SECURITIES

Save as disclosed in the substantial shareholders' interests regarding Ms. Zhang Cheng's (an executive director of the Company) interest in the issued share capital of the Company, none of the directors, chief executives or their respective associates of the Company had, as at 30th September 2005, any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV) of the Securities and Futures Ordinance ("SFO") which were recorded in the register required to be kept by the Company under Section 352 of the SFO.

The Company's share options scheme (the "Scheme") adopted on 14th January 2002 for the purposes of the recognition of the significant contribution of and for the provisions of incentives to any directors, employees (whether full-time or part-time), consultants, customers, suppliers, agents, partners or advisors to the Group or affiliate will expire on 13 January 2012. No options have been granted by the Company under the Scheme since its adoption.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above in respect of the directors' interest in securities regarding the Company's share option scheme, at no time during the period was the Company 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 right to subscribe for securities of the Company of had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th September 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company that they were interested in 5% or more of the issued share capital of the Company.

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

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Mr. Wu Yong (note 1)	Held by controlled corporation	852,000,000	60.36%
Ms. Zhang Cheng (note 1)	Interest of spouse	852,000,000	60.36%
Guardwell Investments Limited (note 1)	Beneficial owner	420,000,000	29.75%
Eagle Asia Investments Limited (note 1)	Beneficial owner	232,000,000	16.44%
Eagle China Investments Limited (note 1)	Beneficial owner	200,000,000	14.17%
Mr. Wang Jin Song (note 2)	Held by controlled corporation	129,400,827	9.17%

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Ankeen Enterprises Limited (note 2)	Held by controlled corporation	129,400,827	9.17%
Shenzhen Neptunus Group Co., Ltd. (note 2)	Held by controlled corporation	129,400,827	9.17%
Shenzhen Neptunus Bioengineering Co., Ltd. (note 2)	Held by controlled corporation	129,400,827	9.17%
Advance Year Company Inc. (note 2)	Held by controlled corporation	129,400,827	9.17%
Landstar Investments Limited (note 2)	Beneficial owner	129,400,827	9.17%
China Life Trustees Limited (note 3)	Trustee	100,000,000	7.08%
China Life Insurance (Overseas) Co. Ltd., Hong Kong Branch (note 3)	Held by controlled corporation	100,000,000	7.08%

Notes:

1. Mr. Wu Yong beneficially owns and controls Guardwell Investments Limited ("Guardwell"), Eagle Asia Investments Limited ("Eagle Asia") and Eagle China Investments Limited ("Eagle China"). Ms. Zhang Cheng, the chairman and executive director of the Company, is the wife of Mr. Wu Yong. Accordingly, Mr. Wu Yong and Ms. Zhang Cheng are deemed to be interested in the shares through Guardwell, Eagle Asia and Eagle China.

2. Mr. Wang Jin Song ("Mr. Wang") beneficially owns 85% interests in Ankeen Enterprises Limited ("AEL"). AEL beneficially owns 41.93% interests in Shenzhen Neptunus Group Co., Ltd. ("SNGCL"). SNGCL beneficially owns 49.08% interests in Shenzhen Neptunus Bioengineering Co., Ltd. ("SNBCL"). SNBCL beneficially owns 100% interest in Advance Year Company Inc. ("AYCI"). AYCI beneficially owns 100% interests in Landstar Investments Limited ("LIL") which owns 129,400,827 ordinary shares of the Company.

   Accordingly, Mr. Wang, AEL, SNGCL, SNBCL and AYCI are deemed to be interested in the 9.17% shares held by LIL.

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

Save as disclosed above, the directors were not aware of any other person who was, directly or indirectly, interested or had short position in the shares or underlying shares of the Company as at 30th September 2005, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

STAFF EMPLOYMENT

As at 30th September 2005, the Group had approximately 840 employees. Remuneration packages are generally structured by reference to market terms and individual qualifications. Besides providing staff with medical benefits and mandatory provident fund, the Group also encourages continual staff development by sponsoring different types of training and further studying programs.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the six months ended 30th September 2005.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

(i) The chairman of the board was not able to attend the 2004/2005 annual general meeting in person, but has already delegated to one of the executive directors of the Company to chair the meeting on her behalf;

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30th September 2005.

AUDIT COMMITTEE

The Company's audit committee comprises the three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including review of the unaudited condensed consolidated financial statements for the six months ended 30th September 2005.

By Order of the Board
Zhang Cheng
Chairman

Hong Kong, 16th December 2005