On behalf of the Board of Directors (the "Board") of Asia Resources Holdings Limited (the "Company"), I present to our shareholders the report and the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2006.

RESULTS

For the year ended 31 March 2006, the Group's turnover amounted to HK$117,954,000, an decrease of 5% compared to the previous year. The net loss attributable to shareholders amounted to HK$182,686,000 (2005: profit of HK$20,389,000). The basic loss per share for the year ended 31 March 2006 was HK$12.94 cents, compared with earning per share of HK$1.61 cents for the year ended 31 March 2005.

The Board did not recommend the payment of any dividend for the year (2005: nil).

ACQUISITIONS

In April 2005, the Group acquired the entire interest in Siping Yatai Medicine Industry Co., Ltd ("Siping Yatai") through the acquisition of 100% interest in Silver Epoch Investments Limited for a total cash consideration of HK$30,000,000. Siping Yatai is also principally engaged in the production and sale of intravenous fluids and the plastic bottles that hold the fluid which are existing products of the Group in the PRC. Details of the acquisition are set out in the circular of the Company dated 7 April 2005.

BUSINESS REVIEW

The Group recorded a turnover of HK$117,954,000 for the year (2005: HK$124,191,000), which represented a slight decrease of about 5% as compared to the previous year. The net loss attributable to shareholders amounted to HK$182,686,000 (2005: profit of HK$20,389,000). The decrease in turnover and loss-making results are primarily attributable to lower product selling prices and rising raw material costs, in addition to the share of loss from associates acquired during the year and recognition of impairment of goodwill due to the loss in intravenous fluid business.

The operating environment for the 2006 fiscal year was full of challenges. Overall sales volume of the Group increased approximately 19% compared to the previous year, yet turnover and gross profit margin decreased 5% and 13% compared to the previous year respectively. Gross profit margin of the product decreased from approximately 56% in the previous year to 43% this year. The loss of the intravenous fluid business this year was primarily a result of keen market competition, and 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 to remain competitive, which led to a downward move of the selling price of the products. The selling prices of some higher gross profit margin products have dropped by more than 50%. Besides the price pressure, the Group took double blow on the increase in the cost of raw material. 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 USD75 per barrel), the cost of plastic rose significantly, yet the increased costs could not be transferred to customers. In addition, despite stringent control by the Group, selling expenses still increased by approximately 12% over the previous year due to efforts to sustain an increasing sales volume, strengthen product promotion and maintain market share.

Zhejiang Rosi, which was acquired in the previous year, introduced to the Group a new "soft bag" intravenous fluid specification in early 2006. Market potential for soft bag intravenous fluid is positive as it enjoys the merits of avoiding medical fluid contamination, providing broader medical fluid compatibility and prolonged expiry date, and is used by an increasing number of medical institutions. Hence, this new type of intravenous fluid is expected to enhance product competitiveness and diversification. On the other hand, the Group had intended to further increase production capacity and sales volume of plastic bottle intravenous fluid through the acquisition of Siping Yatai, but because of the longer-than-expected time of reviewing the registration procedures for certain products, the capacity of Siping Yatai was affected and didn't fully achieve 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. This company has made no profit contribution to the Group 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 rising cost pressure are not expected to alleviate in the near term, the Group will increase its production and sales volumes to make up the loss caused by the reduction in price and gross profit, without increasing the risk of trade receivables.

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 owns a wholly foreign-owned enterprise which engages in property development in China. The wholly foreign-owned enterprise owns a commercial/residential project in Hangzhou of Zhejiang Province. The cash consideration for the acquisition was HK$120,000,000, which 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. The development is expected to complete in 2007. The property has been put in pre-sale since last year, with the lowest sale price at approximately RMB9,800 per square metre for residential units. As of this year, the cumulative proceeds from the pre-sale were approximately RMB200,000,000. Because the property was still under construction, proceeds from pre-sale could be recognized as income only upon completion in accordance with the new accounting standards in Hong Kong. Therefore, the associate is expected to make profit contribution to the Group in 2007 the soonest. As of this year, this associate has contributed a loss to the Group of approximately HK$3,275,000, which primarily consisted of daily operating expenses such as management fees and selling expenses of the property.

PROSPECTS

After several acquisitions made since 2002, the Group currently has three production plants in the PRC, with total production capacity of about 106,000,000 bottles per year. Such scale of operation enables the Group to secure production advantages and market share and maintain its competitiveness in a market environment with fierce competition and increasing pressure on lowering price. The temporary over-supply in the intravenous fluid market leads to escalating price competition in the pharmaceutical market. Besides, major domestic medical institutions and medicine wholesalers have implemented centralized procurement through tender. All these added to the pressure for price cuts. The Group believes in the forthcoming one or two years, the intravenous fluid industry will still undergo a period of consolidation where weak players are eliminated. After the consolidation period, sales volume of the Group is expected to grow steadily benefited by its rich experience in the industry, scale of operation and distribution network. Moreover, with firm control on production cost and development of new customers, the Group is expected to improve its existing operations.

Furthermore, the Group has continued to look for suitable investment opportunities to expand its revenue base. The commercial/residential project located alongside the Qiantang River developed by the newly acquired associate has made the sale progress expected by the management since commencement of pre-sale in the previous year, thanks to its superior location and fair pricing. The Board of Directors believes the property project can generate reasonable return for the Group when it is completed in 2007.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2006, the Group had total assets of HK$634,724,000 (2005: HK$742,024,000) which was financed by current liabilities of HK$105,747,000 (2005: HK$99,239,000), long term liability of HK$84,139,000 (2005: HK$18,850,000) and shareholders' equity of HK$444,838,000 (2005: HK$623,935,000).

The Group's current ratio as at 31 March 2006 was approximately 2.02 (2005: 3.85) and gearing ratio, representing the total borrowings divided by the shareholders' equity was approximately 35.0% (2005: 14.8%). The increase of the gearing ratio was mainly due to the loss incurred for the year and prior borrowings of the newly-acquired subsidiary. The total outstanding borrowings of the Group as at 31 March 2006 were denominated in Renminbi with fixed interest rate.

As at 31 March 2006, certain property, plant and equipment, with an aggregate net book value of approximately HK$56,613,000 (2005: HK$47,516,000), had been pledged to secure banking facilities granted to the Group.

Expect for the capital commitment of acquisitions of non-current assets amounting to HK$2,307,000, the Group had no other material capital commitment and contingent liabilities as at 31 March 2006.

In June 2006, the Company had provided guarantee to the extent of approximately HK$16,380,000 to a bank to secure the credit facility granted to its associate.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

EMPLOYEE AND REMUNERATION POLICY

The Group has a total of approximately 760 employees in Hong Kong and the PRC as at 31 March 2006. Remuneration packages are generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits and sponsored employees in different training and continuous education programs.

APPRECIATION

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

By order of the Board
Zhang Cheng
Chairman

Hong Kong, 14 July 2006