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SHANGHAI ASIA HOLDINGS LIMITED (Registration Number: 200309262D)



Interim Results – 3rd Quarter 2009

Revenue +3.3%	Profit before income tax -21.5%	Net profit -25.5%
Gross profit margin 14.6%	Operating profit margin 10.4%	Return on equity⁽¹⁾ 10.5%

(Above figures are based on 3rd Quarter 2009 results) (1) Based on annualized earnings for 3rd Quarter 2009 and equity as at 30 September 2009.

UNAUDITED FINANCIAL RESULTS FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2009

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

For the 3rd Quarter ended 30 September 2009

(Rmb'000)	3Q2009 (Unaudited)	3Q2008 (Unaudited)	+/- %
Revenue	239,217	231,686	+3.3
Cost of sales	(204,213)	(186,136)	+9.7
Gross profit	35,004	45,550	-23.2
Other (expense)/ income	(896)	785	->100.0
Distribution expenses	(3,635)	(2,564)	+41.8
Administrative expenses	(5,711)	(9,875)	-42.2
Results from operating activities	24,762	33,896	-26.9
Finance income	1,214	1,140	+6.5
Finance expenses	(4,519)	(7,698)	-41.3
Net finance expenses	(3,305)	(6,558)	-49.6
Profit before income tax	21,457	27,338	-21.5
Income tax expense	(3,986)	(3,895)	+2.3
Profit for the period	17,471	23,443	-25.5
Attributable to:			
Owners of the Company	17,329	23,166	-25.2
Minority interests	142	277	-48.7
Profit for the period	17,471	23,443	-25.5
Profit for the period was arrived at after crediting/(charging) the following:			
Interest income	1,214	898	+35.2
Interest expense	(3,275)	(7,698)	-57.5
Depreciation and amortization	(11,945)	(9,234)	+29.4
Foreign exchange (loss)/gain	(339)	242	->100

Q – Quarter

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

BALANCE SHEETS

As at 30 September 2009

(Rmb'000)	Note	Group		Company	
		As at 30/9/2009 (Unaudited)	As at 31/12/2008 (Audited)	As at 30/9/2009 (Unaudited)	As at 31/12/2008 (Audited)
Non-current assets:					
Property, plant and equipment		565,342	579,137	633	793
Lease prepayments		25,264	25,664	-	-
Subsidiaries		-	-	54,107	54,107
Amount due from a subsidiary	1	-	-	312,992	312,992
Loan to a subsidiary		-	-	-	122,814
Other investments		11,600	11,600	-	-
Goodwill		82,290	82,290	-	-
		684,496	698,691	367,732	490,706
Current assets:					
Inventories		174,780	132,789	-	-
Loan to a subsidiary		-	-	102,405	-
Trade and other receivables	2	258,746	338,161	90,602	91,330
Cash and cash equivalents	3	288,732	212,990	7,572	23,866
		722,258	683,940	200,579	115,196
Total assets		1,406,754	1,382,631	568,311	605,902
Capital and reserves attributable to equity holders of the Company					
Share capital		440,915	440,915	440,915	440,915
Reserves		37,471	36,253	-	-
Retained earnings		189,771	200,713	12,158	63,330
		668,157	677,881	453,073	504,245
Minority interests		1,091	1,141	-	-
Total equity		669,248	679,022	453,073	504,245
Current liabilities:					
Trade and other payables	4	416,367	413,411	28,530	5,290
Financial liabilities	5	317,314	202,860	86,545	12,860
Current tax payable		3,662	3,831	-	-
		737,343	620,102	115,075	18,150
Non-current liabilities					
Financial liabilities	5	163	83,507	163	83,507
Total liabilities		737,506	703,609	115,238	101,657
Total equity and liabilities		1,406,754	1,382,631	568,311	605,902

Note

1. The amount due from a subsidiary refers to quasi loans given by the Company to its wholly-owned subsidiary, Shanghai Asia Company Pte. Ltd. (SACPL) for its investments in Jiangsu Zhongji Lamination Materials Co., Ltd. (JZLM).

2. Trade and other receivables

	Group		Company	
	As at 30/9/2009 (Unaudited)	As at 31/12/2008 (Audited)	As at 30/9/2009 (Unaudited)	As at 31/12/2008 (Audited)
(Rmb'000)				
Trade receivables	172,627	153,849	-	-
Bankers acceptances	47,060	132,319	-	-
Other receivables	7,372	1,628	10	14
Deposits and prepayments	13,552	18,288	4,383	6,132
Amounts due from subsidiaries	-	-	86,192	84,551
Amounts due from related corporations	18,135	32,077	17	633
	<u>258,746</u>	<u>338,161</u>	<u>90,602</u>	<u>91,330</u>

3. Cash and cash equivalents of the Group included deposits of Rmb192.7 million (31/12/2008: Rmb140.5 million) pledged as security for trade credit and term loan facilities obtained from banks. Cash and cash equivalents of the Company included deposits of Rmb4.6 million (31/12/2008: Rmb4.5 million) pledged as security for term loan facilities obtained from a bank.

4. Trade and other payables

	Group		Company	
	As at 30/9/2009 (Unaudited)	As at 31/12/2008 (Unaudited)	As at 30/9/2009 (Unaudited)	As at 31/12/2008 (Unaudited)
(Rmb'000)				
Trade payables and accrued operating expenses	65,751	45,829	303	5,290
Bankers acceptances (secured) (Note 5)	282,000	273,500	-	-
Discounted bankers acceptances	-	70,000	-	-
Other payables	34,780	10,586	-	-
Amounts due to related corporations	33,836	13,496	28,227	-
	<u>416,367</u>	<u>413,411</u>	<u>28,530</u>	<u>5,290</u>

5. The financial liabilities are for capital expenditure on the construction of the new aluminium foil rolling mill of JZLM and for its production working capital. Refer item 1(b)(ii) for the details of financial liabilities and the collaterals held against these liabilities.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

(Rmb'000)	As at 30/9/2009 (Unaudited)		As at 31/12/2008 (Audited)	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand:				
Bank loans	317,247	-	202,794	-
Finance lease liability	67	-	66	-
	<u>317,314</u>	<u>-</u>	<u>202,860</u>	<u>-</u>
Amount repayable after one year:				
Bank loans	-	-	83,297	-
Finance lease liability	163	-	210	-
	<u>163</u>	<u>-</u>	<u>83,507</u>	<u>-</u>

Details of any collateral

The secured banks loans and finance lease liability were secured by the Company's shares in SACPL, legal mortgages over certain of the Group's assets of Rmb206.9 million (31/12/2008: Rmb170.1 million), and corporate guarantees given by the Group and a related corporation.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED CASH FLOW STATEMENT

For the 3rd Quarter ended 30 September 2009

(Rmb'000)	3Q2009 (Unaudited)	3Q2008 (Unaudited)
Operating activities		
Profit for the period	17,471	23,443
Adjustments for:		
Depreciation and amortisation	11,945	9,234
Interest income	(1,214)	(898)
Interest expense	3,275	7,698
Income tax expense	3,986	3,895
	<u>35,463</u>	<u>43,372</u>
Changes in working capital:		
Inventories	(26,100)	(15,457)
Trade and other receivables	(20,224)	(7,154)
Trade and other payables	(77,259)	85,552
Cash (used in)/generated from operations	<u>(88,120)</u>	<u>106,313</u>
Income taxes paid	(1,941)	(6,757)
Cash flows (used in)/from operating activities	<u>(90,061)</u>	<u>99,556</u>
Investing activities		
Interest received	1,673	870
Purchase of property, plant and equipment	(6,334)	(5,925)
Acquisition of additional interest in a subsidiary	-	(25,914)
Cash flows used in investing activities	<u>(4,661)</u>	<u>(30,969)</u>

1(c) (Cont'd)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the 3rd Quarter ended 30 September 2009

(Rmb'000)	3Q2009 (Unaudited)	3Q2008 (Unaudited)
Financing activities		
Interest paid	(3,792)	(7,600)
Proceeds from bank loans	55,000	-
Repayment of bank loans	(26,551)	(86,178)
Withdrawal/(addition) of pledged deposits	89,995	(10,059)
Cash flows from/(used in) financing activities	114,652	(103,837)
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	75,957	70,992
Effect of exchange rate changes on balances held in foreign currencies	182	391
Cash and cash equivalents at end of period	96,069	36,133
Cash at bank and in hand	94,269	27,071
Fixed deposits with banks	194,463	126,362
	288,732	153,433
Deposits pledged	(192,663)	(117,300)
Cash and cash equivalents at end of period	96,069	36,133

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(Rmb'000)	Attributable to equity holders of the Company					Minority Interest	Total Equity
	Share Capital	Reserves	Merger Deficit	Retained Earnings	Total		
Group (Unaudited)							
As at 1/7/2009	440,915	41,910	(4,439)	172,442	650,828	949	651,777
Profit for the period	-	-	-	17,329	17,329	142	17,471
As at 30/9/2009	440,915	41,910	(4,439)	189,771	668,157	1,091	669,248
Group (Unaudited)							
As at 1/7/2008	347,788	33,830	(4,439)	169,739	546,918	16,760	563,678
Profit for the period	-	-	-	23,166	23,166	277	23,443
Transfer to statutory reserve	-	213	-	(213)	-	-	-
Acquisition of minority interest	-	-	-	-	-	(15,656)	(15,656)
As at 30/9/2008	347,788	34,043	(4,439)	192,692	570,084	1,381	571,465

1(d)(i) (Cont'd)

(Rmb'000)	Attributable to equity holders of the Company					Minority Interest	Total Equity
	Share Capital	Reserves	Merger Deficit	Retained Earnings	Total		
Company (Unaudited)							
As at 1/7/2009	440,915	-	-	16,855	457,770	-	457,770
Loss for the period	-	-	-	(4,697)	(4,697)	-	(4,697)
As at 30/9/2009	440,915	-	-	12,158	453,073	-	453,073
Company (Unaudited)							
As at 1/7/2008	347,788	-	-	15,853	363,641	-	363,641
Loss for the period	-	-	-	(2,971)	(2,971)	-	(2,971)
As at 30/9/2008	347,788	-	-	12,882	360,670	-	360,670

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

None.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30/9/2009	As at 31/12/2008
	No. of shares	No. of shares
Total number of issued ordinary shares	<u>881,906,089</u>	<u>881,906,089</u>

The Company did not hold any treasury shares as at 30 September 2009 and 31 December 2008.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of current financial reporting period on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and computation methods used in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2008, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2009.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to item 4 above.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3Q2009 (Unaudited)	3Q2008 (Unaudited)
Group		
Basic and fully diluted Earnings Per Share (Rmb cents)	1.98 ^(a)	3.31 ^(b)

(a) Based on 881,906,089 issued ordinary shares.

(b) Based on the weighted average number of ordinary shares of 670,512,286 after taking into account the 152,512,286 new ordinary shares issued by the Company on 5 May 2008 for the acquisition of the additional 43.9% equity interest in JZLM and the retrospective adjustment for the effect of the Rights Issue of 211,393,803 new ordinary shares on 25 November 2008.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

(a) current financial period reported on; and

(b) immediately preceding financial year.

	As at 30/9/2009 (Unaudited)	As at 31/12/2008 (Unaudited)
Group		
Net asset value per ordinary share (Rmb cents)	75.76	76.87
Company		
Net asset value per ordinary share (Rmb cents)	51.37	57.18

Based on 881,906,089 issued ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

FINANCIAL RESULTS

(Rmb'000)	3Q2009	3Q2008	+/- %
	(Unaudited)	(Unaudited)	
Revenue			
Gravure Printing	49,034	69,326	-29.3
Aluminium Foil Rolling	184,156	159,115	+15.7
Aluminium Foil Lamination	6,027	3,245	+85.7
Total	239,217	231,686	+3.3
Cost of Sales	(204,213)	(186,136)	+9.7
Gross Profit (GP)	35,004	45,550	-23.2
Net Profit	17,471	23,443	-25.5
Tonnage (metric tons)			
Aluminium Foil Rolling	6,100	4,718	+29.3

Group revenues in 3Q2009 increased by 22.0% compared to 2Q2009 and 3.3% for the same period last year. The continued rationalization of the China Tobacco Industry and the appointment of new suppliers for printed packaging by one of our major customers has adversely affected our Gravure Printing business during the year.

Revenue from Aluminium Foil Rolling recorded an increase of 28.9% compared to 2Q2009 and 15.7% over the same period last year. The Group's sales of aluminium foil products increased by 29.3% to 6,100 metric ton compared to 4,718 metric ton for the same period last year. Sales in September 2009 increased to 2,657 metric tons. Averaged aluminium price in September 2009 was US\$1,833 per metric ton compared to US\$1,572 per metric ton in June 2009, but lower than the US\$2,525 per metric ton recorded in September 2008.

GP margin for Gravure Printing continued to be affected by the lower sales of printed packaging during the period. Average GP margin for Gravure Printing in 3Q2009 declined from 33.3% in 3Q2008 to 23.9% (2Q2009: 23.7%). Averaged GP margin on Aluminium Foil Rolling in 3Q2009 increased from 7.9% in 1H2009 to 13.2% (3Q2008: 14.5%). The increase in margin was due mainly to the higher aluminium metal prices during the period.

Distribution, administrative and operating expenses (DA&O) were Rmb10.2 million compared to Rmb11.7 million over the same period last year. The lower expenses were mainly due to reductions in corporate expenses and personnel costs during the period. DA&O for 3Q2009 as a percentage of revenues was 4.3% compared to 5.0% in 3Q2008.

Finance expenses were lower due to repayment of some of the Group's borrowings and reduction in interest rates.

Net profit was higher by 55.4% from 2Q2009 but lower by 25.5% compared to the same period last year. The decline in Group's net profit over the same period last year was mainly due to lower volumes and pricing for printed packaging from the Gravure Printing business. During the quarter, net profit for Aluminium Foil Rolling increased by 16.7% over the same period last year.

FINANCIAL POSITION

There were no major changes in the financial position of the Group at 30 September 2009 as compared to 31 December 2008.

Cash and cash equivalents were slightly down at Rmb288.7 million compared to Rmb358.6 million as at 30 June 2009 but were up from the Rmb213.0 million as at 31 December 2008. A major portion of the Group's cash and cash equivalents as at 30 September 2009 amounting to Rmb192.7 million (30/6/2009: Rmb282.7 million) were pledged as deposits for banker acceptance facilities granted by banks to JZLM for its working capital and trade purchases. The Group's free cash as at 30 September 2009 was Rmb96.1 million (31/12/2008: Rmb68.0 million). Cash and cash equivalents represented 40.0% of the Group's current assets as at 30 September 2009.

Trade and other receivables were Rmb258.7 million (31/12/2008: Rmb338.2 million) compared to Rmb239.2 million as at 30 June 2009. Average debtors turnover days improved from 87 days as at 30 June 2009 to 80 days as at 30 September 2009 (31/12/2008: 107 days).

The Group's **inventory turnover** days on cost of sales decreased from 81 days as at 30 June 2009 to 78 days as at 30 September 2009 (31/12/2008: 71 days).

Trade and other payables were Rmb416.4 million compared to Rmb347.4 million as at 30 September 2008. A major portion of the trade payables were banker's acceptances for JZLM working capital and trade purchases. Average trade payable turnover days decreased from 203 days as at 30 June 2009 to 157 days as at 30 September 2009 (31/12/2008: 175 days).

Financial liabilities as at 30 September 2009 were Rmb317.5 million (31/12/2008: Rmb286.4 million) compared to Rmb289.0 million as at 30 June 2009. The Group's gearing as at 30 September 2009 was 47.5%.

Total capital employed as at 30 September 2009 was Rmb986.7 ⁽¹⁾ million. Annualised return on capital employed ⁽²⁾ for 3Q2009 was 7.1%, an improvement from 4.8% in 2Q2009.

⁽¹⁾ Capital employed = Total equity and Financial liabilities ⁽²⁾ Annualised 3Q2009 net earnings over capital employed

CASH FLOWS

In 3Q2009, the Group increased its working capital used in operations by Rmb123.6 million and repaid Rmb26.6 million of its bank loans. The increased working capital used in operations included the repayment of Rmb90.0 million of the Group's bankers acceptances due on its trade purchases.

The cash flows used to fund the above payments were financed by its EBITDA, the drawdown of Rmb55.0 million in new bank loans and withdrawal of Rmb90.0 million in pledged deposits with the banks.

Group's EBITDA ⁽¹⁾ (which measures the cash generation of the business) for 3Q2009 was lower at Rmb35.5 million (3Q2008: Rmb43.4 million).

⁽¹⁾ Earnings before interest, taxation, depreciation and amortization

LIQUIDITY

Our liquidity remains satisfactory. Current ratio remains at approximately 1.0 time as of 30 September 2009. The Group's current assets as of 30 September 2009 were Rmb722.3 million (including cash of Rmb288.7 million).

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Despite the current global economic downturn and uncertainty in the global markets for aluminium, the performance of the Group's Aluminium Foil Rolling business in 3Q2009 indicated that we have weathered the situation.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

13. **If no dividend has been declared/recommendeded, a statement to that effect.**

Not applicable.

13. Interested Person Transactions

(Rmb'000)	3Q2009 (Unaudited)	3Q2008 (Unaudited)
Aggregate value of all transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)	-	-
Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)		
Jiangyin Liantong Enterprise Co., Ltd and its group companies		
- Sale of finished goods	16,351	17,265
- Provision of outside processing services	665	735
- Purchase of raw materials	9,646	11,915
New Toyo International Holdings Ltd and its group companies		
- Sale of finished goods	7,228	14,965

14. Negative assurance on interim financial statements

To the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 3Q2009 of the Group and the Company to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Lee Wei Hsiung
Company Secretary
8 November 2009