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ASSET BACKED HOLDINGS LIMITED

MARKET RELEASE

OVERVIEW

- Asset Backed Holdings Limited ('ABK') has executed an agreement to acquire 100% of a **Natural Resource Project in China** by the acquisition of Norwest Chemicals Pte Ltd ('Norwest'), a Singapore registered company.

- Norwest's 100% owned subsidiary, Sichuan Mianzhu Norwest Phosphate Chemical Company Limited ('SMNPC') owns and **operates its phosphate rock mine** as well as its downstream chemical plant in Sichuan Province, China.

- SMNPC's **projected 2004 Net Profit is Aud$1.70million** & EBITDA is Aud$2.98 million (refer details in Appendix 5).

- Norwest **commenced its operations in China in 1996** and today, its management has significant China operating and resource experience. It has established excellent China based government departments and banking relationships.

- In recognition of Norwest's long term commitment and its capabilities as a mine operator, Norwest was rewarded with the Government's approval of its application to increase its equity shareholding in SMNPC from 60% to 100% in 2002. This is **unique in China** as mineral resources are mostly held in joint venture arrangements.

- SMNPC produces specialty phosphate chemicals using world class technology and is an **accredited qualified supplier to multi-national companies**. SMNPC's distribution network includes sales within China, North & South America, Europe, Middle East & Asia.

- Shareholders of the Singapore registered Norwest Holdings Pte Ltd ('Norwest Holdings'), the current owner of Norwest Chemicals, include David Argyle, who is also a director of ABK. Mr Argyle is also the chief executive officer of SMNPC.

- Purchase consideration is $2,120,000 cash and the allotment and issue by ABK of 21,400,000 fully paid ordinary shares representing 29.6% of the enlarged issued share capital of ABK immediately after settlement. The total number of ABK shares on issue will increase from 50.8m to 72.3m.

- ABK's other investments include a 33% interest in Phosphate Resources Limited, owner and operator of the phosphate rock mine on Christmas Island. The directors believe that this proposed acquisition in China's phosphate sector compliments the investment in Phosphate Resources and will provide further opportunities within the resource sector in China.

- The proposed transaction is subject to shareholder approval and such other regulatory approvals as may be necessary under ASX listing rules, the Corporations Act and any other applicable law. The directors anticipate completion by mid June 2004.

Details of the Norwest acquisition are provided in the remainder of this announcement and readers are encouraged to read the announcement in its entirety.

5 April 2004

ACQUISITION OF RESOURCE INVESTMENT

The Directors of Asset Backed Holdings Limited ('ABK') are pleased to announce that a Letter Agreement has been entered into with Norwest Holdings Pte Ltd ('Norwest Holdings') for the acquisition of 100% of the fully paid ordinary shares in the capital of Norwest Chemicals Pte Ltd ('Norwest'). Norwest's key asset is its 100% ownership of Sichuan Mianzhu Norwest Phosphate Chemical Company Limited ('SMNPC'), a Chinese company.

Overview of Norwest and SMNPC

- SMNPC was registered in the People's Republic of China ('PRC') on 25 December 1996 as a Sino-foreign equity joint venture between Norwest and Sichuan Mianzhu Elemental Phosphorus Plant ('SMEPP'), a company registered in PRC. The joint venture partners had a 60% and 40% share respectively. Pursuant to a share transfer agreement on 25 September 2002, SMEPP transferred all of its equity interest in SMNPC to Norwest. After approval by the relevant authority, SMNPC changed its legal structure to a wholly foreign-owned enterprise. SMNPC's business license as renewed and approved by the relevant authority is valid until 24 December 2046. SMNPC's headquarters and production facility are located in Mianzhu City, Sichuan Province, PRC and at 31 December 2003 it had 332 employees.

- SMNPC's principal activities are the exploitation, production, process and sales of phosphate rock, phosphorus and phosphate chemicals. The phosphate rock mine is located 20 kilometres from the plant.

- SMNPC's specialty phosphate plant was built in 1998. It uses US technology and it is the only facility of its type in PRC. It can produce over 20 different food and technical products and provides SMNPC with the flexibility to vary its product mix to maximise gross margins.

- The two major inputs and therefore the two main cost drivers are electricity and phosphate rock. SMNPC is able to guarantee supply and control cost of phosphate rock by operating its own phosphate mine. The production process is a very electricity intensive process – electricity comprises approximately 50% of the cost of production of phosphorus. Sichuan Province has a more stable, year round electricity supply compared to producers from other provinces in China although prices per kW are similar between provinces. Securing a stable and cheap source of electricity supply is one of the critical factors in maintaining SMNPC's competitive advantages both in the local market and internationally.

- The current production capacities are as follows;

Product	**2002**	**2003**
Phosphate Rock	60,000mt	90,000mt
Yellow Phosphorus	10,000mt	10,000mt
Phosphoric Acid	12,000mt	12,000mt
Sodium Hexametaphosphate	2,000mt	3,000mt
Speciality Phosphates	30,000mt	30,000mt

  In 2004, phosphate rock production is expected to increase to approximately 150,000mt and is expected to escalate thereafter. During the course of its due diligence activities or soon thereafter, ABK expects to commission an independent consultant to provide a phosphate rock resource estimate to JORC standard.

- SMNPC is accredited to the ISO9001 Quality Management standard. This was first obtained in 1996 and recently was re-accredited to 2000 standards in 2002. This standard defines the responsibilities and processes to arrive at product quality. SMNPC was also accredited in 2001 to the ISO14001 Environmental Management Standards and was the first phosphate chemical producer in China to be accredited. The specialty phosphate plant complies with US EPA emissions standards.

Current Markets and Sales Activity

- Successful exporter of Phosphate Chemicals to North & South America, Asia, Australia & New Zealand, Africa, Europe and Middle East.
- Customers include Univar, Astaris, Henkel, Albright & Wilson (Australia), Thermphos, ICI Paints, Ecolab, Proctor & Gamble, Colgate & Palmolive.
- China's agricultural production continues to grow at a significant rate. This has led to the recently announced restructuring by the Central Government allowing farmers to sell above quota production at market prices. These agricultural reforms will underpin demand and price of phosphate rock.

ACQUISITION AGREEMENT

Significant terms and conditions of the Letter Agreement are as follows:

1. ABK must completes its due diligence investigations by 14 May 2004 and Norwest Holdings must complete its due diligence by end April 2004.
2. Purchase consideration is $2,120,000 cash of which $250,000 will be paid immediately as a refundable deposit (in the event that settlement does not occur) with the balance of $1,870,000 being payable on settlement. Purchase consideration also includes the allotment and issue by ABK of 21,400,000 fully paid ordinary shares representing 29.6% of the enlarged issued share capital of ABK immediately after settlement at an issue price of AUD$0.20 per share.
3. The trading of ABK's shares on ASX not being or having been suspended for a period of 30 consecutive days or longer and the volume weighted average share price of ABK's shares traded on the ASX during a period of 30 days prior to settlement not being less than AUD$0.10 per share.
4. The discharge of any guarantees given by Norwest Holdings and its shareholders in respect of any liabilities of Norwest or SMNPC.
5. The proposed transaction must be approved by Norwest shareholders.
6. The proposed transaction is subject to ABK shareholder approval and such other regulatory approvals as may be necessary under ASX listing rules, the Corporations Act and any other applicable law. All such approvals must be obtained so as to enable settlement of the transaction by end June 2004.

As Mr David Argyle, a director of ABK, is a director of and shareholder in Norwest Holdings, the transaction is classified as a related party transaction and appropriate shareholder approvals will be sought. As part of that process, ABK will commission an independent expert's report to comment on whether the transaction is fair and reasonable.

ADDITIONAL INFORMATION

The following additional information is presented in the attached appendices:

- Capital Structure - Appendix 1
- Consolidated Statement of Financial Position at 29 February 2004 - Appendix 2
- Statement of Financial Performance - 2001 to 2004 - Appendix 3
- Pro forma Statement of Financial Position at Settlement - Appendix 4
- Norwest Full Year Earnings Projections to 31 December 2004 - Appendix 5

Susmit Shah
Director

APPENDIX 1 - CAPITAL STRUCTURE

Issue of new Shares

	Shares	%
ABK shares presently on issue	50,874,102	70.39%
Issue of shares as purchase consideration	21,400,000	29.61%
Total shares on issue at completion	**72,274,102**	**100.00%**

APPENDIX 2 - CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 29 FEBRUARY 2004

Norwest Chemicals & Controlled Entities	Unaudited $AUD
Current Assets	
Cash	2,120,116
Receivables	55,570
Inventory	665,466
Other	46,972
Total Current Assets	2,888,124
Non Current Assets	
Property, plant and equipment	11,932,431
Mining rights	961,612
Land use rights	777,959
Total Non Current Assets	13,672,002
Total Assets	16,560,126
Current Liabilities	
Bank loans	8,507,096
Payables (see note below)	11,497,205
Current tax liabilities	198
Total Current Liabilities	20,004,499
Non Current Liabilities	
Deferred taxation	53,366
Total Non Current Liabilities	53,366
Total Liabilities	20,057,865
Net Assets (Liabilities) [see note below]	(3,497,739)
Equity	
Contributed equity	2
Retained profit (losses)	(3,497,741)
Total Equity	(3,497,739)

This Statement of Financial Position includes approximately AUD$7.34 million of payables, which, under the terms of the Letter Agreement, will be capitalised as equity prior to settlement. If this conversion were to be done at 29 February 2004, the Consolidated Statement of Financial Position would show a net asset position of approximately AUD$3.84 million.

APPENDIX 3 - STATEMENT OF FINANCIAL PERFORMANCE 2001 - 2004

Unaudited Consolidated Norwest & SMNPC	2 months to 29 Feb 2004 $AUD	2003 $AUD	2002 $AUD	2001 $AUD
Revenue	1,991,141	8,548,690	11,835,327	8,228,172
Cost of Sales	(1,363,753)	(7,713,204)	(11,207,031)	(7,618,890)
Gross Profit	627,388	835,486	628,296	609,282
%	32%	10%	5%	7%
Other revenue	5,409	229,075	659,881	86,130
Distribution costs	(54,550)	(467,416)	(704,195)	(301,738)
Administrative expenses	(229,830)	(1,004,995)	(1,173,750)	(1,687,496)
Other operating expenses	(3,636)	(208)	(3,598)	-
Total operating expenses	(282,607)	(1,243,544)	(1,221,662)	(1,903,104)
Finance costs	(131,597)	(552,374)	(511,028)	(449,612)
Profit (loss) from operating activities before income tax	213,184	(960,432)	(1,104,394)	(1,743,434)
Income tax	-	-	(63,728)	(1,731)
Net profit (loss) from ordinary activities	213,184	(960,432)	(1,168,122)	(1,745,165)

The exchange rate used is the current rate at 31 March 2004.

APPENDIX 4 - PRO FORMA STATEMENT OF FINANCIAL POSITION AT SETTLEMENT

ASSET BACKED HOLDINGS LTD	Audited	Pro Forma
	31-Dec-03	at Settlement
	$AUD	$AUD
Current Assets		
Cash	3,339,878	3,342,250
Receivables	1,281,127	1,287,314
Inventory	-	697,033
Other	-	49,200
Total Current Assets	4,621,005	5,375,797
Non Current Assets		
Receivables	100,000	100,000
Investments	4,242,943	4,366,309
Property, plant and equipment	-	13,981,975
Mining rights	-	1,141,091
Land use rights	-	814,862
Goodwill on consolidation	-	717,475
Total Non Current Assets	4,342,943	21,121,712
Total Assets	8,963,948	26,497,509
Current Liabilities		
Bank loans	-	8,910,632
Payables	22,287	4,288,652
Current tax liabilities		208
Total Current Liabilities	22,287	13,199,492
Non Current Liabilities		
Deferred taxation	-	56,080
Total Non Current Liabilities	-	56,080
Total Liabilities	22,287	13,255,572
Net Assets (Liabilities)	8,941,661	13,241,937
Equity		
Contributed equity	13,960,336	18,240,336
Retained profit (losses)	(5,018,675)	(4,998,399)
Total Equity	8,941,661	13,241,937

Note: The Proforma Statement of Financial Position uses ABK, Norwest & SMNPC's unaudited 29 February 2004 position.

APPENDIX 5 - NORWEST FULL YEAR EARNINGS PROJECTIONS TO 31 DECEMBER 2004

	2004
Norwest & SMNPC	$AUD
Revenue	13,533,336
Cost of Sales	(9,918,361)
Gross Profit	3,614,975
%	27%
Operating expenses	(1,301,370)
Profit from operating activities	2,313,605
Finance costs	(611,857)
Profit from operating activities before income tax	1,701,749
Income tax	-
Net profit from ordinary activities	1,701,748
EBIT	Aud$2.3 million
EBITDA	Aud$2.98 million

Key assumptions made for the purpose of calculating 2004 projections include:

- Phosphate rock production of approximately 150,000mt. Downstream processing of approximately 65,000mt of phosphate rock, with the balance of the phosphate rock production sold as rock;
- Electricity power supply throughout the year continuing at a rate sufficient to process 65,000 mt of phosphate rock;
- An Aud$ to Renminbi (RMB) rate of 6.3 RMB to 1Aud$

SMNPC will not be subject to any income tax for 2004 and 2005. For the three years thereafter, the income tax rate (as presently stipulated) will be 17% and the rate thereafter (as presently stipulated) will be 33%.

Major risks include:

- Interruptions to power supply;
- Plant and machinery breakdown;
- Natural accidents / disasters;
- Competition from local producers.

Readers should note that the above statement is inherently subject to uncertainties in that it may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statement. These risks, variables and factors include, but are not limited to, the matters described above. The Company gives no assurance that the anticipated results, performance or achievements expressed or implied in this forward-looking statement will be achieved.