

Report of the Directors

The directors of Asean Resources Holdings Limited (the “Company”) submit their report together with the audited accounts for the year ended 31st March 2001.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiaries (the “Group”) for the year are set out in the consolidated profit and loss account on page 27.

The state of affairs of the Group and the Company as at 31st March 2001 are set out in the balance sheets on pages 28 and 29.

The cash flows of the Group are set out in the statement on pages 30 and 31.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associated companies include property development and investment, securities investment and trading, hotel ownership and investment holding. Further details of subsidiaries and associated companies are set out in notes 28 and 29 to the accounts.

An analysis of turnover and contribution to profit from operations of the Group for the year by principal activities is set out in note 2 to the accounts.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in note 21 to the accounts.

FIXED ASSETS

Details of movements in fixed assets of the Group during the year are set out in note 11 to the accounts.

PRINCIPAL PROPERTIES

Particulars of the Group’s principal investment properties, properties held for/under development and properties held for sale are set out on pages 72 and 73.

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SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 20 to the accounts.

BANK LOANS AND OVERDRAFTS

Particulars of the Group's bank loans and overdrafts are set out in note 22 to the accounts.

INTEREST CAPITALISED

Interest capitalised by the Group during the year amounted to HK\$35,597,000 (2000: HK\$25,875,000).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 71.

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

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Executive directors:

CHAN Boon Ho, Peter (*Chairman*)

CHENG Kam Biu, Wilson

(appointed on 2nd April 2001)

LO Lin Shing, Simon

CHAN Chi On, Derek

(appointed on 2nd April 2001)

WONG Kam Cheong, Stanley

LAI Yu Ting

LAI Hing Chiu, Dominic

LEITCH, Andrew Marshall John

(appointed on 13th June 2000 and resigned on 2nd April 2001)

Report of the Directors

DIRECTORS – continued

Non-executive director:

TO Hin Tsun, Gerald (formerly an independent non-executive director and became a non-executive director on 2nd April 2001)

Independent non-executive directors:

CHEUNG Hon Kit (appointed on 2nd April 2001)

NG Wai Hung

TO Shing Chuen (resigned on 2nd April 2001)

In accordance with Clause 87 of the Company's Bye-laws, Messrs Lai Yu Ting and Lai Hing Chiu, Dominic retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Clause 86(2) of the Company's Bye-laws, Messrs Cheng Kam Biu, Wilson, Chan Chi On, Derek and Cheung Hon Kit, being directors appointed by the Board of Directors subsequent to the year, retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensations.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management are set out below:

Executive directors

Chan Boon Ho, Peter, aged 40, has been the chairman of the Company since December 1991. He is a graduate in Business Administration at the University of Hawaii and has more than fourteen years of experience in the construction and property development industry. He is also a director of United Goal Development Limited which is a substantial shareholder of the Company as disclosed in the section headed "SUBSTANTIAL SHAREHOLDERS".

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – continued

Executive directors – continued

Cheng Kam Biu, Wilson, aged 43, has been a director of the Company since April 2001. He graduated from the University of Hawaii, Honolulu with a Bachelor of Arts degree in Economics. He has twenty-two years of experience in administration and finance of jewellery retail business. Mr. Cheng is also a director of Chow Tai Fook Jewellery Company Limited, Chow Tai Fook Enterprises Limited and United Goal Development Limited, all of which are substantial shareholders of the Company as disclosed in the section headed “SUBSTANTIAL SHAREHOLDERS”.

Lo Lin Shing, Simon, B.B.A., aged 45, has been a director of the Company since March 2000. He is the chairman of Asia Logistics Technologies Limited, and a deputy-chairman of Tai Fook Securities Group Limited and New World CyberBase Limited. He is also an executive director of The Kwong Sang Hong International Limited and Pacific Ports Company Limited, all of the above companies whose shares are listed on The Stock Exchange of Hong Kong Limited. He is also a non-executive director of Beijing Beida Jade Bird Universal Sci-Tech Company Limited and hkcyber.com (Holdings) Limited, both companies whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. He is also a director of United Goal Development Limited. Mr. Lo possesses over twenty years of experience in the financial, securities and futures industries. He has been a member of the CME and IMM since 1986.

Chan Chi On, Derek, aged 38, has been a director of the Company since April 2001. He is an executive director of Tai Fook Securities Group Limited (“Tai Fook Securities Group”), a company whose shares are listed on The Stock Exchange of Hong Kong Limited. He is also the deputy managing director of Tai Fook Capital Limited and is in charge of the corporate finance division of Tai Fook Securities Group. He is a registered investment adviser under the Securities Ordinance of Hong Kong. He possesses over ten years of experience in the financial services industry. Mr. Chan holds a Master of Business Administration Degree from the Hong Kong University of Science & Technology as well as a Social Sciences Degree in Economics from the University of Hong Kong. Mr. Chan published a book on the subject of listing procedures and securities rules and regulations.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – continued

Executive directors – continued

Wong Kam Cheong, Stanley, aged 43, has been a director of the Company since August 1992. He has an honours degree in Civil Engineering awarded by the University of Manchester, U.K. and a Master of Science degree in Finance awarded by the Chinese University of Hong Kong. He is a member of the Hong Kong Institution of Engineers, a local Registered Professional Engineer, a U.K. Chartered Civil and Structural Engineer and a vice-president of the Hong Kong Institution of Real Estate Administration. He is also a Registered Structural Engineer and an Authorised Person (Engineer) registered by the Building Authority in Hong Kong. He has over twenty years of experience in the field of design, construction, project management, property development and management. Mr. Wong is also a non-executive director of Paul Y. -ITC Construction Holdings Limited, a listed company in Hong Kong.

Lai Yu Ting, aged 46, has been a director of the Company since December 1991. He has a diploma in Business Management and has more than twenty-one years of experience in administration and finance of property development and construction companies.

Lai Hing Chiu, Dominic, aged 54, has been a director of the Company since March 1992. He is a practising solicitor in Hong Kong and a senior partner in the Hong Kong law firm of Iu, Lai & Li, legal advisors to the Company. He is also a director of a number of other public listed companies in Hong Kong and a director of United Goal Development Limited.

Andrew Marshall John Leitch, aged 57, had been a director of the Company since June 2000 and resigned in April 2001. He qualified as Canadian Chartered Accountant in 1968 and as Certified Public Accountant in the State of New York, United States in 1979. He has over twenty-five years of experience in professional firms as well as financial and securities companies.

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BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – continued

Non-executive director

To Hin Tsun, Gerald, aged 52, has been a director of the Company since July 1999. Mr. To has been a practising solicitor in Hong Kong since 1975. He is also qualified as a solicitor in the United Kingdom, as well as an advocate and solicitor in Singapore. He is currently the senior and managing partner of Messrs T.S. Tong & Co., Solicitors and Notaries. Mr. To is also a non-executive director of Tai Fook Securities Group Limited, Asia Logistics Technologies Limited, The Kwong Sang Hong International Limited, New World CyberBase Limited and Pacific Ports Company Limited, all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited. He is also a non-executive director of Asian Information Resources (Holdings) Limited, a company whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Independent non-executive directors

Cheung Hon Kit, aged 47, has been a director of the Company since April 2001. He has over twenty-three years of experience in real estate development, property business and corporate finance. Mr. Cheung graduated from the University of London with a Bachelor of Arts degree. He has worked for various property development companies in Hong Kong. Currently, he is also a director of listed companies of ITC Corporation Limited, Hanny Holdings Limited, Panva Gas Holdings Limited and hkcyber.com (Holdings) Limited.

Ng Wai Hung, aged 37, has been a director of the Company since March 1999. He is a practising solicitor in Hong Kong and a partner in the Hong Kong law firm of Iu, Lai & Li, legal advisors to the Company. He is also a director of a number of other public listed companies in Hong Kong.

To Shing Chuen, aged 50, had been a director of the Company since January 1994 and resigned in April 2001. He has a Bachelor's degree in Arts and has over fifteen years of experience in trading, garment and leather field.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – continued

Senior management

Wong Chi Keung, Alvin, aged 39, is the general manager of the Group. He joined the Group as chief accountant in December 1991. He is a fellow member of The Hong Kong Society of Accountants and The Association of Chartered Certified Accountants and an associate member of The Chartered Institute of Management Accountants. He has over fourteen years of experience in accounting and corporate finance gained in property development and construction companies.

Yuen Lai Sheung, Gladys, aged 38, is the company secretary of the Company overseeing the company secretarial matters of the Group. She joined the Group in July 1996. Ms. Yuen holds a Bachelor of Arts (Hons) degree in Accountancy. She is an associate member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators. She has over thirteen years of experience in company secretarial practice gained in professional firms and listed companies.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries, holding companies or fellow 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.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 31st March 2001, the interests of the directors and their respective associates (as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) in the equity or debt securities of the Company and its associated corporations within the meaning of the SDI Ordinance, as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company, were as follows:

(a) The Company

Name of director	Number of shares of HK\$0.10 each in the Company	
	Personal interests	Corporate interests
Chan Boon Ho, Peter	77,190,000	878,780,289 (Note i)
Wong Kam Cheong, Stanley	981,570	Nil
Lai Yu Ting	130,000	Nil

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DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES – continued

(a) The Company – continued

Name of director	Number of share options
	At 31st March 2000 and 2001 (Note ii)
Chan Boon Ho, Peter	30,646,000
Lo Lin Shing, Simon	15,324,000
Wong Kam Cheong, Stanley	15,324,000
Lai Yu Ting	12,258,000
Lai Hing Chiu, Dominic	6,130,000

Notes:

- i Such shares were held by United Goal Development Limited (“United Goal”), and Mr. Chan Boon Ho, Peter held one share of US\$1 in United Goal, representing 50% of its issued share capital. Mr. Chan was deemed to have interests in such parcel of shares by virtue of Section 8 of the SDI Ordinance since he was entitled to exercise more than one-third of the voting power in general meetings of United Goal.
- ii The share options were granted under the share option scheme adopted by the Company on 8th September 1998 and entitle the holders thereof to subscribe for shares of HK\$0.10 each of the Company at a subscription price of HK\$0.68 per share (subject to adjustment) during the period from 21st March 2000 to 20th March 2003.

(b) Paul Y. - ITC Construction Holdings Limited (“Paul Y. - ITC”) — Associated corporation

Name of director	Number of shares of HK\$0.10 each in Paul Y. - ITC	
	Personal interests	Corporate interests
Chan Boon Ho, Peter	Nil	204,398,766 (Note)
Wong Kam Cheong, Stanley	30,000	Nil

Note: Such interests were held by the Company through certain of its subsidiaries and Mr. Chan Boon Ho, Peter was deemed to have interests in these shares under section 8 of the SDI Ordinance.

Report of the Directors

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES – continued

Save as disclosed above and other than certain nominee shares in the subsidiaries held in trust for the Group by certain directors, as at 31st March 2001, none of the directors or their associates had or were deemed to have any interest in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' BENEFITS TO ACQUIRE SHARES

Other than the share options of the Company granted as contained in the section headed "DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES", certain directors of the Company had been granted share options to subscribe for shares in Huey Tai International Limited ("Huey Tai"), the former ultimate holding company of the Company, and Education On Line (USA), Inc. ("EOL"), a former fellow subsidiary of the Company, and details of which were as follows:

(a) Huey Tai

Name of director	Number of share options (Note i)
	At 31st March 2000 and 19th January 2001 (Note ii)
Chan Boon Ho, Peter	31,295,000
Lo Lin Shing, Simon	15,650,000
Wong Kam Cheong, Stanley	23,470,000
Lai Yu Ting	13,690,000
Lai Hing Chiu, Dominic	7,825,000

Notes:

- i The share options were granted under the share option scheme of Huey Tai adopted on 8th September 1998 and entitle the holders thereof to subscribe for shares of HK\$0.40 each of Huey Tai at a subscription price of HK\$0.5136 per share (subject to adjustment) during the period from 10th March 2000 to 9th March 2003.
- ii At 19th January 2001, Huey Tai disposed all its shareholdings in the Company and ceased to be the ultimate holding company of the Company.

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DIRECTORS' BENEFITS TO ACQUIRE SHARES – continued

(b) EOL

Name of director	Number of share options
	At 13th June 2000 (Note i) and 19th January 2001 (Note ii)
Andrew Marshall John Leitch	100 (Note iii)

Notes:

- i Being the date of appointment as director of the Company.
- ii Being the date when EOL ceased to be a fellow subsidiary of the Company.
- iii Out of the 100 share options, 10 share options are exercisable during the period from 9th April 2000 to 8th April 2010 at an exercise price of US\$10 per share of EOL while 90 share options are exercisable during the period from 10th April 2000 to 9th April 2010 at an exercise price of US\$10 per share of EOL.

Save as disclosed above, none of the directors (including their spouse and children under 18 years of age) had been granted, or exercised, any rights to subscribe for shares of the Company during the year, and at no time during the year was the Company, its subsidiaries, holding companies or fellow 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 debentures of, the Company or any other body corporate.

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DIRECTORS' INTERESTS IN COMPETING BUSINESS

The following directors were considered to have interests in the following businesses ("Competing Business") which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as set out below:

Name of director	Name of entity of the Competing Business	Description of the Competing Business	Nature of interest of the director in the entity
Lo Lin Shing, Simon	The Kwong Sang Hong International Limited	Property development and investment	Director
	Tai Fook Securities Group Limited	Securities investment and trading	Director/ Substantial shareholder
Chan Chi On, Derek	Tai Fook Securities Group Limited	Securities investment and trading	Director
Wong Kam Cheong, Stanley	Paul Y. -ITC Construction Holdings Limited	Property development and investment Hotel and catering	Director
To Hin Tsun, Gerald	The Kwong Sang Hong International Limited	Property development and investment	Director
	Tai Fook Securities Group Limited	Securities investment and trading	Director
	Eurasia Hotels Limited	Hotel investment	Director

Having considered the nature, size, management and scope of the above businesses, the directors of the Company believed that there is unlikely to be any significant competition with the businesses of the Group and the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of these companies.

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SUBSTANTIAL SHAREHOLDERS

As at 31st March 2001, the following persons, other than the directors of the Company whose interests are disclosed above, were directly or indirectly interested in 10% or more of the issued share capital of the Company as recorded in the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance:

Name	Number of shares
United Goal Development Limited	878,780,289 (Note i)
Chow Tai Fook Enterprises Limited	878,780,289 (Note i)
Chow Tai Fook Jewellery Company Limited	878,780,289 (Note ii)

Notes:

- i Both Chow Tai Fook Enterprises Limited ("CTFE") and Mr. Chan Boon Ho, Peter ("Mr. Chan") were deemed to be interested in the 878,780,289 shares of the Company owned by United Goal by virtue of Section 8 of the SDI Ordinance, as United Goal is 50% owned by each of CTFE and Mr. Chan.
- ii Chow Tai Fook Jewellery Company Limited was deemed to be interested in the same parcel of shares owned by United Goal by virtue of the SDI Ordinance.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more in the issued share capital of the Company as at 31st March 2001.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The total turnover attributable to the Group's five largest customers accounted for less than 30% of the turnover of the Group for the year.

The purchases attributable to the largest and the five largest suppliers accounted for 56% and 66% respectively of the Group's purchases for the year. Purchases not charged to the profit and loss account, including the cost of land and construction works for properties held for/under development, have been included in arriving at this percentage.

None of the directors, their associates or any shareholder who, to the knowledge of the directors, owns more than 5% of the Company's share capital, had any interest in the major suppliers or customers noted above.

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PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

AUDIT COMMITTEE

In 1999, the Company established an Audit Committee comprising Mr. Ng Wai Hung and Mr. To Shing Chuen with a written term of reference which describes the authorities and duties of the Audit Committee.

Upon the resignation of Mr. To Shing Chuen as an independent non-executive director of the Company on 2nd April 2001, Mr. Cheung Hon Kit was appointed as a member of the Audit Committee in place of Mr. To Shing Chuen on the same date.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31st March 2001 with the exception that the non-executive directors of the Company are not appointed for specific terms of office but retire from office on a rotational basis in accordance with the Company's Bye-laws.

DISCLOSURE PURSUANT TO PRACTICE NOTE 19 OF THE LISTING RULES

As at 31st March 2001, the aggregate amount of advances made by the Group to its associated companies was approximately HK\$523,444,000. Particulars of these advances are set out in note 13 to the accounts.

As at 31st March 2001, the total guarantees given by the Company to banks in respect of banking facilities granted and utilised by its associated companies amounted to approximately HK\$492,300,000.

The aggregate of all amounts due from and guarantees given to secure obligations of the various associated companies amounted to approximately HK\$1,015,744,000 as at 31st March 2001, which represent approximately 28% of the net asset value of the Group as set out in its audited consolidated accounts for the year ended 31st March 2001.

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DISCLOSURE PURSUANT TO PRACTICE NOTE 19 OF THE LISTING RULES – continued

The proforma combined balance sheet of associated companies consisting of Broad Reach Company Limited, Gold Return Resources Ltd. and New Unity Holdings Ltd., to which the advances and guarantees are given as at 31st March 2001, is as follows:

	As at 31st March 2001 HK\$'000
Long term assets	5,401,151
Current assets	226,729
Current liabilities	(319,912)
Net current liabilities	(93,183)
Amount due to shareholders	(1,613,624)
Minority interests	(375,472)
Long term liabilities	(1,941,166)
Shareholders' funds	<u>1,377,706</u>
Net assets attributable to the Group	<u>688,869</u>

Details of the above associated companies are set out in note 29 to the accounts.

PENSION SCHEME

Details of the Group's pension scheme are set out in note 8 to the accounts.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Boon Ho, Peter
Chairman

Hong Kong, 18th July 2001