

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 2002.

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 24.

The state of affairs of the Group and the Company as at 31st March 2002 are set out in the balance sheets on pages 25 and 26.

The cash flows of the Group are set out in the statement on pages 27 and 28.

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 29 and 30 to the accounts.

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

No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated loss from operations of the Group are attributable to markets outside Hong Kong.

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 10 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 73 and 74.

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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\$4,497,000 (2001: HK\$35,597,000).

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 72.

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 (<i>Chairman</i>)	
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	(resigned on 2nd April 2001)

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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 Wong Kam Cheong, Stanley, To Hin Tsun, Gerald and Ng Wai Hung shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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 as at the date of this report are set out below:

Executive directors

Chan Boon Ho, Peter, aged 41, 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 fifteen 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".

Cheng Kam Bui, Wilson, aged 44, 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-three years of experience in administration and finance of jewellery retail business. Mr. Cheng is an executive director of The Kwong Sang Hong International Limited whose shares are listed on The Stock Exchange of Hong Kong Limited. He 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".

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – continued

Executive directors – continued

Lo Lin Shing, Simon, aged 46, has been a director of the Company since March 2000. He is the chairman of Asia Logistics Technologies Limited, Cyber On-Air Group Company Limited and New World CyberBase Limited, and the deputy chairman of Tai Fook Securities Group Limited. He is also an executive director of The Kwong Sang Hong International Limited and Pacific Ports Company Limited as well as a non-executive director of Beijing Beida Jade Bird Universal Sci-Tech Company Limited. All of the above companies whose shares are listed on 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 39, has been a director of the Company since April 2001. He is an executive director of Tai Fook Securities Group Limited, 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 Limited. 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.

Wong Kam Cheong, Stanley, aged 44, 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-one years of experience in the field of design, construction, project management, property development and management.

Lai Yu Ting, aged 47, has been a director of the Company since December 1991. He has a diploma in Business Management and has more than twenty-two years of experience in administration and finance of property development and construction companies.

Lai Hing Chiu, Dominic, aged 55, 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 Lu, 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT – continued

Non-executive director

To Hin Tsun, Gerald, aged 53, 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 Asia Logistics Technologies Limited, The Kwong Sang Hong International Limited, New World CyberBase Limited, Pacific Ports Company Limited and Tai Fook Securities Group Limited, all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited.

Independent non-executive directors

Cheung Hon Kit, aged 48, has been a director of the Company since April 2001. He has over twenty-four years of experience in real estate development, property investment and corporate finance. Mr. Cheung graduated from the University of London with a Bachelor of Arts degree. He has worked in key executive positions in various leading property development companies in Hong Kong. He is also a director of listed companies of ITC Corporation Limited, Paul Y. – ITC Construction Holdings Limited, China Land Group Limited, Hanny Holdings Limited, Panva Gas Holdings Limited, Cyber On-Air Group Company Limited, Billybala Holdings Limited, Companion Building Material International Holdings Limited and Skynet (International Group) Holdings Limited.

Ng Wai Hung, aged 38, 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 Lu, Lai & Li, legal advisors to the Company. He is also a director of a number of other public listed companies in Hong Kong.

Senior management

Wong Chi Keung, Alvin, aged 40, 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 fifteen years of experience in accounting and corporate finance gained in property development and construction companies.

Yuen Lai Sheung, Gladys, aged 39, 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 fourteen 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 company 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.

SHARE OPTION SCHEME

On 8th September 1998, a share option scheme (the "Share Option Scheme") was approved by the shareholders of the Company under which the board of directors of the Company (the "Board") may, at its discretion, offer any executive and/or employee of the Group including executive director of the Company ("Eligible Person(s)") options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The purpose of the Share Option Scheme is to motivate and retain the participants by rewarding their contribution to the business and development of the Group.

Under the Share Option Scheme, the maximum number of the Company's shares in respect of which options may be granted shall not exceed 10% of the issued share capital of the Company from time to time (excluding shares issued upon exercise of options granted pursuant to the Share Option Scheme). The maximum entitlement for any Eligible Person in respect of which options may be granted shall not exceed 25% of the aggregate of all shares subject to the Share Option Scheme. The period within which an option may be exercised will be determined by the Board in its absolute discretion, except that the exercise period shall not be more than three years from the date on which the option is accepted. The offer of a grant of options may be accepted within 21 days from the date of offer, upon payment of a consideration of HK\$1 by the grantee. The exercise price of an option shall be determined by the Board but in any event shall not be less than 80% of the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the five trading days immediately preceding the date of grant of the share option or the nominal value of the Company's share, whichever is higher.

The Share Option Scheme has a life of three years commencing from its date of adoption and has already expired since 8th September 2001. Options granted under the Share Option Scheme will, however, remain valid during their respective option period.

The total number of shares of the Company that may be issued upon exercise of all share options granted and yet to be exercised under the Share Option Scheme was 104,200,000 shares as at 31st March 2002 and represents approximately 8.1% of the issued share capital of the Company as at the date of this report. These share options were all granted on 21st March 2000 to certain directors and employees of the Group 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. No share options had been granted, cancelled, lapsed or exercised during the year.

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SHARE OPTION SCHEME – continued

Summary of share options granted to certain directors and employees (aggregated as a whole) of the Group under the Share Option Scheme is set out below:

	Number of share options
	At 31st March 2001 and 2002
Directors	
Chan Boon Ho, Peter (Note)	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
Employees	24,518,000

Note: Mr. Chan Boon Ho, Peter is also a substantial shareholder of the Company.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 31st March 2002, the interests of the directors of the Company 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 pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Number of shares of HK\$0.10 each in the Company		Number of share options
	Personal interests	Corporate interests	(Note ii)
Chan Boon Ho, Peter	77,190,000	878,780,289 (Note i)	30,646,000
Lo Lin Shing, Simon	Nil	Nil	15,324,000
Wong Kam Cheong, Stanley	981,570	Nil	15,324,000
Lai Yu Ting	130,000	Nil	12,258,000
Lai Hing Chiu, Dominic	Nil	Nil	6,130,000

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DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES – continued

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 options were granted under the Share Option Scheme and particulars of which are set out in the section headed “SHARE OPTION SCHEME”.

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 2002, none of the directors of the Company or their respective associates had or were deemed pursuant to the SDI Ordinance to have any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors of the Company (including their spouse or 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 company 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 other body corporate.

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 (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 (Note i)	The Kwong Sang Hong International Limited	Property development and investment	As Director
Cheng Kam Biu, Wilson (Note ii)	The Kwong Sang Hong International Limited	Property development and investment	As Director
To Hin Tsun, Gerald (Notes i & iii)	The Kwong Sang Hong International Limited	Property development and investment	As Director

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DIRECTORS' INTERESTS IN COMPETING BUSINESS – continued

Notes:

- i. The fundamental nature of the securities investment and trading business of Tai Fook Securities Group Limited is regarded not the same as that of the Group and, hence, not constituting a Competing Business as previously disclosed, which changes in details of interests related to Mr. Lo Lin Shing, Simon, Mr. Chan Chi On, Derek and Mr. To Hin Tsun, Gerald.
- ii. Mr. Cheng Kam Biu, Wilson was appointed as director of The Kwong Sang Hong International Limited during the year.
- iii. Mr. To Hin Tsun, Gerald resigned as director of Eurasia Hotels Limited during the year.
- iv. Mr. Wong Kam Cheong, Stanley resigned as director of Paul Y. – ITC Construction Holdings Limited during the year.

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 therefore capable of carrying on such business independently of, and at arm's length from the businesses of the above company.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2002, 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 2002.

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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

Turnover attributable to the largest and the five largest customers accounted for 49% and 63% respectively of the turnover of the Group for the year.

Purchases attributable to the largest and the five largest suppliers accounted for 28% and 39% 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.

Chow Tai Fook Enterprises Limited, a shareholder owning an attributable interest of more than 5% of the Company's share capital, had an interest in the Group's largest customer.

Save as disclosed above, 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.

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

The Audit Committee of the Company comprises Mr. Ng Wai Hung and Mr. Cheung Hon Kit, both of whom are independent non-executive directors of the Company. The Audit Committee meets at least twice a year with the Company's management and auditors to review, among other things, the interim and the final results of the Group prior to recommending them to the Board for approval.

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 to the Listing Rules throughout the financial year ended 31st March 2002 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.

PENSION SCHEME

Details of the Group's pension scheme are set out in note 7 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, 17th July 2002