



ASEAN RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM REPORT
2002/2003



The Board of Directors (the “Board”) of Asean Resources Holdings Limited (the “Company”) announces the unaudited interim results and presents the interim report of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2002. The unaudited consolidated condensed accounts of the Group for the six months ended 30th September 2002 together with the comparative figures for the corresponding previous period are as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30th September 2002

		Unaudited Six months ended 30th September	
	Note	2002	2001
		HK\$'000	HK\$'000
Turnover	2	156,158	204,068
Cost of sales		(90,266)	(140,993)
		65,892	63,075
Other revenues	2	12,675	7,965
Administrative expenses		(19,195)	(20,433)
Profit from operations	3	59,372	50,607
Finance costs		(11,775)	(19,147)
Share of results of associated companies		(1,586)	6,277
Profit before taxation		46,011	37,737
Taxation	4	(2,144)	(264)
Profit after taxation		43,867	37,473
Minority interests		(12,533)	(17,346)
Profit attributable to shareholders		<u>31,334</u>	<u>20,127</u>
Earnings per share	5		
— Basic		<u>2.436 cents</u>	<u>1.565 cents</u>
— Diluted		<u>N/A</u>	<u>1.558 cents</u>

**CONSOLIDATED BALANCE SHEET**

As at 30th September 2002

		Unaudited 30th September 2002 HK\$'000	Audited 31st March 2002 HK\$'000
	Note		
Fixed assets		1,932,158	1,932,936
Investments in associated companies		1,024,791	1,027,265
Properties held for/under development		287,868	240,135
Long term investments		3,001	3,001
Long term receivable		6,758	6,774
Current assets			
Accounts and other receivables, deposits and prepayments	6	161,828	159,054
Properties held for sale		133,237	229,541
Other investments		2,405	3,847
Cash and bank balances		807,097	704,022
		1,104,567	1,096,464
Current liabilities			
Accounts payable, deposits received and accrued charges	7	60,996	65,072
Taxation		6,923	5,723
Dividend payable		481	481
Bank loans, secured	8	46,849	44,851
		115,249	116,127
Net current assets		989,318	980,337
Total assets less current liabilities		4,243,894	4,190,448
Financed by:			
Share capital	9	128,648	128,648
Reserves		3,199,351	3,175,562
Shareholders' funds		3,327,999	3,304,210
Minority interests		26,351	114,844
Bank loans, secured	8	889,544	771,394
		4,243,894	4,190,448



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2002

	Unaudited Six months ended 30th September	
	2002	2001
	HK\$'000	HK\$'000
Net cash inflow from operating activities	128,823	544,308
Net cash (outflow)/inflow from investing activities	(36,749)	50,262
Net cash inflow/(outflow) from financing	11,001	(207,926)
Increase in cash and cash equivalents	103,075	386,644
Cash and cash equivalents at the beginning of the period	704,022	44,228
Cash and cash equivalents at the end of the period	807,097	430,872
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	807,097	440,652
Bank overdrafts	—	(9,780)
	807,097	430,872

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30th September 2002

	Unaudited										
	Revaluation reserve -										
	properties held for/under development										
	Revaluation reserve - other properties										
	Share capital HK\$'000	Special reserve HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Revaluation reserve - investment properties HK\$'000	properties held for/under development HK\$'000	Revaluation reserve - other properties HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April 2002	128,648	—	929,824	129	1,290,289	15,899	348,195	69,992	(15,559)	536,793	3,304,210
Translation of accounts of a foreign subsidiary	—	—	—	—	—	—	—	—	(875)	—	(875)
Net gains and losses not recognised in the consolidated profit and loss account	—	—	—	—	—	—	—	—	(875)	—	(875)
Revaluation reserve realised upon disposal of properties	—	—	—	—	—	(6,670)	—	—	—	—	(6,670)
Profit for the period	—	—	—	—	—	—	—	—	—	31,334	31,334
At 30th September 2002	128,648	—	929,824	129	1,290,289	9,229	348,195	69,992	(16,434)	568,127	3,327,999

	Unaudited										
	Revaluation reserve - properties held for/under development										
	Share capital HK\$'000	Special reserve HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Revaluation reserve - investment properties HK\$'000	Revaluation reserve - other properties HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	
At 1st April 2001	128,648	435,421	929,824	129	1,299,455	25,748	433,867	74,153	(11,759)	279,691	3,595,177
Translation of accounts of a foreign subsidiary	—	—	—	—	—	—	—	—	(3,800)	—	(3,800)
Net gains and losses not recognised in the consolidated profit and loss account	—	—	—	—	—	—	—	—	(3,800)	—	(3,800)
Revaluation reserve realised upon disposal of properties	—	—	—	—	—	(8,838)	—	—	—	—	(8,838)
Reserve released upon disposal of a subsidiary	—	980	—	—	—	—	—	—	—	—	980
Profit for the period	—	—	—	—	—	—	—	—	—	20,127	20,127
At 30th September 2001	128,648	436,401	929,824	129	1,299,455	16,910	433,867	74,153	(15,559)	299,818	3,603,646



NOTES TO CONDENSED INTERIM ACCOUNTS

1. Basis of preparation and accounting policies

These unaudited consolidated condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants.

These condensed accounts should be read in conjunction with the 2002 annual report.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st March 2002 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 33	:	Discontinuing operations
SSAP 34	:	Employee benefits

Except for the change in presentation resulting for the adoption of SSAP 1 (revised), SSAP 15 (revised) and SSAP 25 (revised), the adoption of the above standards does not have a material effect on the Group's account.

2. Revenue and turnover

The Group is principally engaged in property development and investment, securities investment and trading and investment holding. Revenues recognised during the period are as follows:

	Six months ended 30th September	
	2002	2001
	HK\$'000	HK\$'000
Sale of property interests	115,490	158,230
Rental income	39,931	45,804
Proceeds from securities trading	737	—
Dividend income from quoted investments	—	34
Turnover	156,158	204,068
Interest income	9,278	4,474
Other income	3,397	3,491
Other revenues	12,675	7,965
Total revenues	168,833	212,033



(a) Primary reporting format — business segments

The Group is organised into three main business segments:

- Property rental
- Property development and investment
- Securities investment and trading

Other operations of the Group comprise mainly hotel ownership which is undertaken by certain associated companies.

There are no sales or other transactions between the business segments.

	Six months ended 30th September 2002				
	Property rental	Property development and investment	Securities investment and trading	Other operations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>39,931</u>	<u>115,490</u>	<u>737</u>	<u>—</u>	<u>156,158</u>
Segment result	<u>39,099</u>	<u>27,498</u>	<u>(705)</u>	<u>—</u>	<u>65,892</u>
Unallocated corporate expenses (net)					<u>(15,798)</u>
					50,094
Interest income					9,278
Finance costs					(11,775)
Share of results of associated companies	—	(17,514)	—	15,928	<u>(1,586)</u>
Profit before taxation					46,011
Taxation					<u>(2,144)</u>
Profit after taxation					43,867
Minority interests					<u>(12,533)</u>
Profit attributable to shareholders					<u>31,334</u>



Six months ended 30th September 2001

	Property development and rental HK\$'000	Property investment HK\$'000	Securities investment and trading HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Turnover	45,804	158,230	34	—	204,068
Segment result	43,126	40,228	(20,279)	—	63,075
Unallocated corporate expenses (net)					(16,942)
					46,133
Interest income					4,474
Finance costs					(19,147)
Share of results of associated companies	—	(12)	—	6,289	6,277
Profit before taxation					37,737
Taxation					(264)
Profit after taxation					37,473
Minority interests					(17,346)
Profit attributable to shareholders					20,127

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

3. Profit from operations

Profit from operations is stated after crediting and charging the following:

	Six months ended 30th September	
	2002 HK'000	2001 HK'000
<u>Crediting</u>		
Gain on disposal of fixed assets	—	215
<u>Charging</u>		
Staff costs	7,774	9,099
Depreciation of fixed assets	854	897
Loss on disposal of fixed assets	27	—



4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period. Taxation on overseas profit has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Six months ended 30th September	
	2002	2001
	HK'000	HK'000
Hong Kong profits tax		
— current	1,200	—
Overseas taxation		
— under provision in prior years	61	—
	1,261	—
Share of taxation attributable to associated companies	883	264
	2,144	264

Deferred taxation for the period has not been provided as the effect of the timing differences is immaterial to the Group.

5. Earnings per share

The calculations of the basic and diluted earnings per share are based on the following data:

	Six months ended 30th September	
	2002	2001
	HK'000	HK'000
Earnings		
Earnings for the purpose of the calculation of basic and diluted earnings per share	31,334	20,127
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings per share	1,286,482,836	1,286,482,836
Effect of dilutive potential ordinary shares		
— share options	—	5,169,951
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	1,286,482,836	1,291,652,787



6. Accounts and other receivables, deposits and prepayments

Included in accounts and other receivables is an amount of HK\$105,000,000 which represents a loan to a listed company ("Listco") in Hong Kong. The loan is unsecured, interest bearing at 1% above Hong Kong dollar prime rate and repayable in full in November 2002. Subsequent to the period end date, the Group entered into a supplemental loan agreement with Listco whereby Listco pledged its entire interest in a subsidiary as security for the loan, and the loan repayment is extended to May 2003. This subsidiary, through its subsidiaries and associated companies, is engaged in property development and investment.

At 30th September 2002, rental receivable including related interests amounted to HK\$7,062,000 (31st March 2002: HK\$8,444,000) and the ageing analysis was as follows:

	30th September 2002 HK'000	31st March 2002 HK'000
Current	3,046	3,348
31 – 60 days	2,026	2,461
61 – 90 days	1,803	1,618
Over 90 days	187	1,017
	<u>7,062</u>	<u>8,444</u>

7. Accounts payable, deposits received and accrued charges

Included in the accounts payable, deposits received and accrued charges are rental deposits, construction costs payable and accruals.

Rental deposits amounting to HK\$17,907,000 (31st March 2002: HK\$21,764,000) are repayable when the tenancy contracts lapse.

At 30th September 2002, the ageing analysis of the construction costs payable were as follows:

	30th September 2002 HK'000	31st March 2002 HK'000
Current	3	224
31 – 60 days	9	—
61 – 90 days	4	26
	<u>16</u>	<u>250</u>

Construction cost accruals, including retention money, amounted to HK\$16,934,000 (31st March 2002: HK\$16,576,000) and are payable in accordance with the terms of the construction contracts.

**8. Bank loans**

	30th September 2002 HK'000	31st March 2002 HK'000
Secured bank loans		
— current portion	46,849	44,851
— long term portion	889,544	771,394
	<u>936,393</u>	<u>816,245</u>

At 30th September 2002, the Group's bank loans were repayable as follows:

	30th September 2002 HK'000	31st March 2002 HK'000
On demand or within one year	46,849	44,851
More than one year but not exceeding two years	140,806	49,877
More than two years but not exceeding five years	342,328	275,798
Over five years	406,410	445,719
	<u>936,393</u>	<u>816,245</u>

The above bank loans were secured by first charges on certain investment properties, properties held for/under development, properties held for sale, other specified assets of the Group and corporate guarantee from the Company.

9. Share capital

	Number of ordinary shares of HK\$0.10 each	Value HK'000
Authorised:		
At 1st April 2002 and 30th September 2002	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1st April 2002 and 30th September 2002	<u>1,286,482,836</u>	<u>128,648</u>

10. Commitments

Capital commitments for fixed assets, properties held for/under development and long term investments

	30th September 2002 HK'000	31st March 2002 HK'000
Contracted but not provided	<u>15,541</u>	<u>20,223</u>



INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30th September 2002 (2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

Profit attributable to shareholders of the Company for the six month period ended 30th September 2002 was approximately HK\$31 million, representing an increase of approximately 56% compared with that of last period. Turnover for the period amounted to approximately HK\$156 million, representing a decrease of approximately 24% compared with that of last period. Profit from operations for the period amounted to approximately HK\$59 million, representing an increase of approximately 16% compared with that of last period. Earnings per share for the period amounted to 2.436 cents compared with earnings per share of 1.565 cents last period. During the period under review, regular profits were generated from the Group's investment properties while losses were incurred on securities trading. Profits were generated from the sale of certain remaining units of "The Colonnade", a property development project of the Group. These accounted for the overall profit of the Group.

Gross rental income and its contribution to profit from operations for the period amounted to approximately HK\$40 million and HK\$39 million respectively, representing a decrease of approximately 13% and 9% respectively when compared with those of last period.

Turnover from sale of property interests and its contribution to profit from operations for the period amounted to approximately HK\$115 million and HK\$27 million respectively compared with approximately HK\$158 million and HK\$40 million respectively last period. During the period, the Group continued the disposal of the remaining units of "The Colonnade" and the resulting profits recognised in the accounts.

Turnover from securities investment for the period as well as last period were minimal while its contribution to profit from operations for the period amounted to a loss of approximately HK\$1 million compared with approximately HK\$20 million in last period.



Liquidity and financial information

The Group's total bank borrowings as at 30th September 2002 amounted to approximately HK\$936 million compared with approximately HK\$816 million as at 31st March 2002. Cash and bank balances and short term quoted investments amounted to approximately HK\$810 million as at 30th September 2002 compared with approximately HK\$708 million as at 31st March 2002. Net borrowings amounted to approximately HK\$126 million as at 30th September 2002 compared with approximately HK\$108 million as at 31st March 2002.

Gearing ratio of the Group which is expressed as a percentage of total borrowings to shareholders' funds was 28% as at 30th September 2002 compared with 25% as at 31st March 2002. Net gearing ratio of the Group which is expressed as a percentage of net borrowings to shareholders' funds was 4% as at 30th September 2002 compared with 3% as at 31st March 2002.

Of the Group's total borrowings, approximately HK\$47 million (5%) would be due within one year, approximately HK\$141 million (15%) would be due in more than one year but not exceeding two years, approximately HK\$342 million (37%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK\$406 million (43%) would be due in more than five years.

The above bank borrowings were secured by first charges on certain investment properties, properties held for/under development, properties held for sale, other specified assets of the Group and corporate guarantee from the Company.

Equity and net asset value

Shareholders' funds of the Group as at 30th September 2002 was approximately HK\$3,328 million compared with approximately HK\$3,304 million as at 31st March 2002. The net asset value per share of the Company as at 30th September 2002 was HK\$2.59 compared with HK\$2.57 as at 31st March 2002.

BUSINESS REVIEW AND OUTLOOK

During the period under review, planning application for the proposed development at Tai Po Tsai, Sai Kung, in which the Group has 14% attributable interest was approved. The Group is now negotiating with the Government on the terms of surrender and regrant and the premium payable. Subsequent to the period end, the foundation and site formation works for the residential development at Nos. 33 and 35 Island Road have been completed and super-structural works have commenced. It is expected that the project will be completed by early 2004.



The property market experienced further downward adjustment during the period under review. The Government acknowledges that the prolonged adjustment in property prices was one of the major contributors to our deflationary economy. Subsequent to the period under review, the Government announced nine measures, mostly concentrating on the reduction of future residential supply, which are aimed at stabilizing the property market. Hopefully, coupled with the recent interest rate cut, property prices will improve in the near future. Nevertheless, it is generally believed that the already over-supplied residential market will take one to two years to reflect the effect of the new measures. Recently, there are stronger signs that the global economy, especially the US economy, is improving. However, Hong Kong has yet to resolve its deflation and government deficit problems in the coming years. The Board believes that the economy of Hong Kong will regain momentum steadily in the coming years.

Subsequent to the period end on 9th October 2002, trading in the Company's shares had been suspended pending the publication of an announcement in relation to the reorganisation of the Group and the change of controlling shareholder of the Company. The shareholders will be informed of the details of the transactions in due course.

EMPLOYEE INFORMATION

As at 30th September 2002, the total number of employees of the Group was 35 (2001: 40). Remuneration packages are generally structured by reference to market terms and individual qualifications. The remuneration policies of the Group are normally reviewed on a periodic basis. Share options were granted to selected eligible executives with a view to provide the directors and employees with an appropriate incentive interests in the growth of the Group. The Group participates in a mandatory provident fund scheme which covers all the eligible employees of the Group.

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

The Company has not redeemed any of its listed securities during the six months ended 30th September 2002. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30th September 2002.

SHARE OPTION SCHEME

The share option scheme (the "Share Option Scheme") adopted by the Company on 8th September 1998 has expired since 8th September 2001. However, the options granted under the Share Option Scheme continue to be valid and exercisable during their respective option period. 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 were granted, cancelled, lapsed or exercised during the period. The outstanding share options under the Share Option Scheme are set out below:

Number of shares options

**At 1st April 2002 and
30th September 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 (in aggregate)	24,518,000
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Total	104,200,000
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Note: Mr. Chan Boon Ho, Peter is also a substantial shareholder of the Company.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 30th September 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 or 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 of Hong Kong Limited (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 (Note ii)
	Personal interests	Corporate interests	
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



Notes:

- i. Such shares were held by United Goal Development Limited ("United Goal"), and Mr. Chan Boon Ho, Peter ("Mr. Chan") 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 30th September 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 or their respective spouse or children under 18 years of age had been granted any right to subscribe for the securities of the Company or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30th September 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 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 30th September 2002.



AUDIT COMMITTEE

The members of the Audit Committee of the Company comprise Mr. Ng Wai Hung and Mr. Cheung Hon Kit, both of whom are independent non-executive directors of the Company.

The Audit Committee has reviewed the unaudited interim report of the Group for the six months ended 30th September 2002 and the Group's auditors, PricewaterhouseCoopers, have carried out a review on the relevant unaudited consolidated condensed accounts for the six months ended 30th September 2002.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors of the Company is aware of information which would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th September 2002, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange with the exception that the non-executive directors of the Company are not appointed for specific terms of office but retire on a rotational basis in accordance with the Bye-laws of the Company.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere thanks to our shareholders, professional advisers, bankers, customers and suppliers for their continuous support, patronage and trust. I would also like to thank my fellow directors and staff for their dedicated contribution and loyal services.

By Order of the Board
Chan Boon Ho, Peter
Chairman

Hong Kong, 16th December 2002