



# ASEAN RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## ANNOUNCEMENT OF INTERIM RESULTS 2001/2002

### RESULTS

The Board of Directors (the "Board") of Asean Resources Holdings Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2001 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 2001

	Note	Unaudited	
		Six months ended 30th September 2001	2000
		HK\$'000	HK\$'000
Turnover	1	204,068	370,938
Cost of sales		(140,993)	(240,581)
		<u>63,075</u>	<u>130,357</u>
Other revenues		7,965	4,334
Administrative expenses		(20,433)	(21,891)
Profit from operations	2	50,607	112,800
Finance costs		(19,147)	(26,282)
Share of results of associated companies		6,277	(2,204)
Profit before taxation		37,737	84,314
Taxation	3	(264)	(3,150)
Profit after taxation		37,473	81,164
Minority interests		(17,346)	(30,821)
Profit attributable to shareholders		<u>20,127</u>	<u>50,343</u>
Earnings per share	4		
– Basic		<u>1.565 cents</u>	<u>3.913 cents</u>
– Diluted		<u>1.558 cents</u>	<u>3.776 cents</u>

#### Notes:

##### 1. Turnover

The Group is principally engaged in property development and investment, securities investment and trading and investment holding.

An analysis of the Group's turnover and contribution to profit from operations for the period by principal activities is as follows:

Principal activities:	Turnover		Contribution to profit from operations	
	Six months ended 30th September		Six months ended 30th September	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental income	45,804	48,745	43,126	47,942
Property development and investment	158,230	321,629	40,228	85,873
Securities investment and trading	34	564	(20,279)	(3,458)
	<u>204,068</u>	<u>370,938</u>	<u>63,075</u>	<u>130,357</u>

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.

2. Profit from operations is stated after charging the depreciation of fixed assets amounting to HK\$897,000 (2000: HK\$1,909,000). It also includes revaluation reserve amounting to HK\$8,838,000 (2000: Nil) realised upon the disposal of properties.

##### 3. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the period. Taxation on overseas profits 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	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong profits tax	-	-
Overseas taxation		
– current	-	(30)
– under provision in prior years	-	(230)
	-	(260)
Share of taxation attributable to associated companies	(264)	(2,890)
	<u>(264)</u>	<u>(3,150)</u>

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

##### 4. Earnings per share

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

	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Earnings		
Earnings for the purpose of the calculation of basic earnings per share	20,127	50,343
Adjustment to the share of results of an associated company based on the dilution of this associated company's loss per share	-	(1,376)
Earnings for the purpose of the calculation of diluted earnings per share	<u>20,127</u>	<u>48,967</u>

Six months ended  
30th September  
2001 2000

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	10,462,733
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<u>1,291,652,787</u>	<u>1,296,945,569</u>

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30th September 2001 (2000: Nil).

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Results

Profit attributable to shareholders of the Company for the six month period ended 30th September 2001 was approximately HK\$20 million, representing a decrease of 60% compared with that of last period. Turnover for the period amounted to approximately HK\$204 million, representing a decrease of 45% compared with that of last period. Profit from operations for the period amounted to approximately HK\$51 million, representing a decrease of 55% compared with that of last period. Earnings per share for the period amounted to 1.565 cents compared with earnings per share of 3.913 cents last period. During the period under review, steady income was generated from our investment properties. Loss was however incurred from securities investments during the period while profits were generated from the sale of some of the 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\$46 million and HK\$43 million respectively, representing a decrease of approximately 6% and 10% respectively when compared with those of last period.

Turnover from sale/pre-sale of property interests and its contribution to profit from operations for the period amounted to approximately HK\$158 million and HK\$40 million respectively compared with approximately HK\$322 million and HK\$86 million respectively last period. During the period, the Group continued the disposal of the remaining units of "The Colonnade" and the resulting profit 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\$20 million and approximately HK\$3 million in last period.

#### Liquidity and financial information

The Group's total bank and other borrowings as at 30th September 2001 amounted to approximately HK\$847 million compared with approximately HK\$913 million as at 31st March 2001. Cash and bank balances and short term listed investments amounted to approximately HK\$484 million as at 30th September 2001 compared with approximately HK\$123 million as at 31st March 2001. Net borrowings amounted to HK\$363 million as at 30th September 2001 compared with HK\$790 million as at 31st March 2001.

Gearing ratio of the Group which is expressed as a percentage of total borrowings to shareholders' funds was 24% as at 30th September 2001 compared with 25% as at 31st March 2001. Net gearing ratio of the Group which is expressed as a percentage of net borrowings to shareholders' funds was 10% as at 30th September 2001 compared with 22% as at 31st March 2001.

Of the Group's total borrowing, approximately HK\$132 million (16%) would be due within one year, approximately HK\$47 million (5%) would be due in more than one year but not exceeding two years, approximately HK\$183 million (22%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK\$485 million (57%) would be due in more than five years.

The above bank and other borrowings were secured by first charges on certain investment properties and other specific assets of the Group, a mortgage of the Company's shares in subsidiaries and corporate guarantees from the Company.

#### Equity and net asset value

Shareholders' funds of the Group as at 30th September 2001 were approximately HK\$3,604 million compared with approximately HK\$3,595 million as at 31st March 2001. The net asset value per share of the Company as at 30th September 2001 was HK\$2.80 compared with HK\$2.79 as at 31st March 2001.

#### Employees and share options

As at 30th September 2001, the total number of employees of the Group was approximately 40 (2000: 48). Remuneration packages are generally structured by reference to market terms and individual qualifications. The remuneration policies of the Group are normally reviewed on periodic basis. The Group operates a mandatory provident fund scheme which covers all the eligible employees of the Group.

Pursuant to the share option scheme adopted by the Company on 8th September 1998 and expired after 7th September 2001, the Company granted a total of 104,200,000 share options on 21st March 2000 at an exercise price of HK\$0.68 per share (subject to adjustment), of which 79,682,000 and 24,518,000 share options were granted to certain directors of the Company and certain employees of the Group respectively. These share options are exercisable during the period from 21st March 2000 to 20th March 2003. None of these share options has been exercised, lapsed or cancelled since the date of grant and no other share options were granted during the period under review.

### BUSINESS REVIEW AND OUTLOOK

Despite a series of interest rate cuts, property market remained weak during the period under review. A number of units of The Colonnade had been sold and profit derived from such sale was reflected in this interim result. Demolition works for the joint development at Nos. 33 and 35 Island Road, in which the Group has 57% attributable interest, has been completed. Subsequent to the period under review, site formation and foundation works had commenced. The Group received a premium offer from the Government in respect of the Group's application for lease modification of the caption lots. The Group considered that the premium was too high and subsequently an appeal for reduction of premium was submitted.

Both the occupancy rate and rental income from the Commercial Podium at Elizabeth House remained stable. However, loss has arisen from the write down of the Group's carrying value of Paul Y. – ITC Construction Holdings Limited to the market value. Subsequent to the period under review, the Group has disposed the entirety of its interest in Paul Y. – ITC Construction Holdings Limited.

The tragedy on 11th September and the Afghanistan war have further weakened the US as well as the global economies. Impact on the Group's hotel business was immediate and severe. Hopefully, the relaxation of quotas for tourists from the Mainland recently announced by the Government would alleviate the general decline of tourist arrivals. There are signs that the local property market has gained some support as a result of a series of interest rate cuts and the moratorium announced by the Government in respect of sales of HOS flats subsequent to the period under review. Significant improvement in property price is not expected since supply of new units in the territory is plentiful in the coming two years. Nevertheless, low interest rate, continued low oil-price, China's continuous growth in economy and her successful accession into the WTO are fundamentals for the stable recovery of our economy in the near future.

### CHANGES OF DIRECTORATE

Mr. Cheng Kam Biu, Wilson and Mr. Chan Chi On, Derek have been appointed as executive directors of the Company and Mr. Cheung Hon Kit has been appointed as an independent non-executive director of the Company, all with effect from 2nd April 2001. On the same date, Mr. To Hin Tsun, Gerald, who was previously an independent non-executive director of the Company, has become a non-executive director.

Mr. Andrew Marshall John Leitch and Mr. To Shing Chuen have resigned as directors of the Company with effect from 2nd April 2001. The Board would like to thank Mr. Andrew Marshall John Leitch and Mr. To Shing Chuen for their valuable contribution to the Company during their terms of office.

### 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 2001. 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 2001.

### AUDIT COMMITTEE

The Audit Committee of the Company comprises two independent non-executive directors of the Company, namely Mr. Ng Wai Hung and Mr. Cheung Hon Kit.

The Audit Committee has reviewed the unaudited interim report of the Group for the six months ended 30th September 2001 and the Group's auditors, PricewaterhouseCoopers, have carried out a review on the relevant unaudited consolidated financial statements for the six months ended 30th September 2001.

### PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The detailed interim results containing the information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the website of the Stock Exchange in due course.

By Order of the Board  
Chan Boon Ho, Peter  
Chairman

Hong Kong, 14th December 2001