



ASEAN RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF INTERIM RESULTS 2002/2003

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 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

	Note	Unaudited Six months ended 30th September 2002 HK\$'000	2001 HK\$'000
Turnover	1	156,158	204,068
Cost of sales		(90,266)	(140,993)
		65,892	63,075
Other revenues		12,675	7,965
Administrative expenses		(19,195)	(20,433)
Profit from operations	2	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	3	(2,144)	(264)
Profit after taxation		43,867	37,473
Minority interests		(12,533)	(17,346)
Profit attributable to shareholders		31,334	20,127
Earnings per share	4		
— Basic		2.436 cents	1.565 cents
— Diluted		N/A	1.558 cents

Notes:

1. Turnover

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

(a) Business segments

	Property rental HK\$'000	Property development and investment HK\$'000	Securities investment and trading HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Six months ended 30th September 2002					
Turnover	39,931	115,490	737	—	156,158
Segment result	39,099	27,498	(705)	—	65,892
Unallocated corporate expenses (net)					(15,798)
					50,094
Interest income					9,278
Finance costs					(11,775)
Share of results of associated companies	—	(17,514)	—	15,928	(1,586)
Profit before taxation					46,011
Taxation					(2,144)
Profit after taxation					43,867
Minority interests					(12,533)
Profit attributable to shareholders					31,334
Six months ended 30th September 2001					
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.

2. Profit from operations is stated after charging the depreciation of fixed assets amounting to HK\$854,000 (2001: HK\$897,000). It also includes realised revaluation reserves amounted to HK\$6,670,000 (2001: HK\$8,838,000) upon the disposal of certain properties.

3. 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 HK\$'000	2001 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.

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 2002 HK\$'000	2001 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

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.

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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (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.

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 Listing Rules 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, 16th December 2002