



ASEAN RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF FINAL RESULTS 2001/2002

RESULTS

The Board of Directors (the "Board") of Asean Resources Holdings Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2002 together with comparative figures for the previous corresponding year are as follows:

		Year ended 31st March	
		2002	2001
	Note	HK\$'000	HK\$'000
Turnover	1	615,055	686,788
Cost of sales		(711,276)	(430,353)
		(96,221)	256,435
Other revenues		17,677	11,255
Administrative expenses		(57,476)	(56,990)
(Loss)/profit from operations	2	(136,020)	210,700
Finance costs		(31,556)	(50,117)
Share of results of associated companies		3,044	(18,204)
Write down in value of listed securities		—	(333,670)
Loss before taxation		(164,532)	(191,291)
Taxation	3	(1,998)	(4,731)
Loss after taxation		(166,530)	(196,022)
Minority interests		(16,928)	(78,721)
Loss attributable to shareholders		(183,458)	(274,743)
Loss per share	4		
— Basic		(14.26 cents)	(21.36 cents)

Notes:

- 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
Year ended 31st March 2002					
Turnover	91,754	472,280	51,021	—	615,055
Segment result	86,646	(171,025)	(11,842)	—	(96,221)
Unallocated corporate expenses (net)					(52,110)
					(148,331)
Interest income					12,311
Finance costs					(31,556)
Share of results of associated companies	—	(29,237)	—	32,281	3,044
Loss before taxation					(164,532)
Taxation					(1,998)
Loss after taxation					(166,530)
Minority interests					(16,928)
Loss attributable to shareholders					(183,458)
Year ended 31st March 2001					
Turnover	92,759	591,210	2,819	—	686,788
Segment result	87,381	175,139	(6,085)	—	256,435
Unallocated corporate expenses (net)					(50,912)
					205,523
Write down in value of listed securities					(333,670)
Interest income					5,177
Finance costs					(50,117)
Share of results of associated companies	—	(27)	—	(18,177)	(18,204)
Loss before taxation					(191,291)
Taxation					(4,731)
Loss after taxation					(196,022)
Minority interests					(78,721)
Loss attributable to shareholders					(274,743)

- (b) No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated (loss)/profit from operations of the Group are attributable to markets outside Hong Kong.
- (Loss)/profit from operations is stated after charging the depreciation of fixed assets amounted to HK\$1,763,000 (2001: HK\$6,156,000). It also includes realised revaluation reserves amounted to HK\$11,170,000 (2001: HK\$32,557,000) upon the disposal of certain properties.

Taxation

Taxation comprises:

	Year ended 31st March	
	2002	2001
	HK\$'000	HK\$'000
Hong Kong profits tax calculated at 16% (2001: 16%) of the estimated assessable profits for the year	—	—
— Current	—	—
Overseas taxation*	—	30
— Current	—	347
— Under provision in prior years	—	—
	—	377
Share of taxation attributable to associated companies	1,998	4,354
	1,998	4,731

* Overseas taxation is calculated at the rate prevailing in the respective jurisdictions.

Loss per share

The calculation of the basic loss per share is based on the loss attributable to shareholders of HK\$183,458,000 (2001: HK\$274,743,000) and on 1,286,482,836 shares (2001: 1,286,482,836 shares) in issue during the year.

For the year ended 31st March 2002 and 2001, diluted loss per share is not shown as the potential ordinary shares are anti-dilutive.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31st March 2002 (2001: Nil).

FINANCIAL REVIEW

Results

Loss attributable to shareholders of the Company for the year ended 31st March 2002 was approximately HK\$183 million compared with a loss of approximately HK\$275 million last year. Turnover for the year amounted to approximately HK\$615 million, representing a decrease of 10% compared with that of last year. Loss from operations for the year amounted to approximately HK\$136 million, compared with a profit from operations of approximately HK\$211 million last year. Loss per share for the year amounted to 14.26 cents compared with loss per share of 21.36 cents last year. During the year under review, regular profits were generated from the Group's investment properties while losses were incurred on securities trading. Profits were also generated from the sale of certain remaining units of "The Colonnade", a property development of the Group while loss was incurred by the partial disposal of a development project of the Group in Fanling. These accounted for the overall loss of the Group.

Gross rental income and its contribution to loss from operations for the year amounted to approximately HK\$92 million and a profit of HK\$87 million respectively, which were basically in line with those of last year.

Turnover from sale/pre-sale of property interests and its contribution to loss from operations for the year amounted to approximately HK\$472 million and loss of HK\$171 million respectively compared with approximately HK\$591 million and a profit of HK\$175 million respectively last year. During the year, the Group continued the disposal of the remaining units of "The Colonnade" and the resulting profits recognised in the accounts. On the other hand, the Group also completed the partial disposal of a development project in Fanling and the resulting loss recognised in the accounts.

Turnover and its contribution to loss from operations from securities investment for the year amounted to approximately HK\$51 million and loss of approximately HK\$12 million respectively compared with approximately HK\$3 million and loss of approximately HK\$6 million respectively last year.

Liquidity and Financial Information

The Group's total bank and other borrowings as at 31st March 2002 amounted to approximately HK\$816 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\$708 million as at 31st March 2002 compared with approximately HK\$123 million as at 31st March 2001. Net borrowings amounted to HK\$108 million as at 31st March 2002 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 25% as at 31st March 2002 which was basically in line with that of last year. Net gearing ratio of the Group which is expressed as a percentage of net borrowings to shareholders' funds was 3% as at 31st March 2002 compared with 22% as at 31st March 2001.

Of the Group's total borrowings, approximately HK\$45 million (5%) would be due within one year, approximately HK\$50 million (6%) would be due in more than one year but not exceeding two years, approximately HK\$276 million (34%) would be due in more than two years but not exceeding five years and the remaining balance of approximately HK\$445 million (55%) would be due in more than five years.

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

Equity, Reserves and Net Asset Value

The annual revaluation of the Group's investment properties was carried out by DTZ Debenham Tie Leung Limited, independent professional property valuers. The total value of the Group's investment properties as at 31st March 2002 amounted to approximately HK\$1,927 million compared with approximately HK\$1,932 million as at 31st March 2001.

Shareholders' funds of the Group as at 31st March 2002 was approximately HK\$3,304 million compared with approximately HK\$3,595 million as at 31st March 2001. The net asset value per share of the Company was HK\$2.57 as at 31st March 2002 compared with HK\$2.79 as at 31st March 2001.

BUSINESS REVIEW AND OUTLOOK

During the year under review, the Group had (a) successfully sold a number of units in "The Colonnade" and (b) disposed of its interest in Paul Y. - ITC Construction Holdings Limited. Further, the Group had also disposed of the majority interest in its investment in the development project at DD51 Fanling, resulting in a loss of approximately HK\$211 million; however, under this disposal, the buyer, being now the joint venture partner, has undertaken to arrange loans for and/or fund all costs necessary for the future development of the project, including the land premium and construction costs, thereby relieving the Group from commitment to provide funding for development of this project in the future. The profit and loss derived from the above transactions have been reflected in this year's account.

Subsequent to the year-end, the town planning application to the Government for the development project in Tai Po Tsai, Sai Kung, in which the Group has a 14% attributable interest, has been approved, and permission to build 1,057,000 square feet of residential accommodation and 21,000 square feet of commercial space has been obtained. The Group is now undergoing negotiation with the Government on the premium payable.

Demolition work for the joint development at Nos. 33 and 35 Island Road, in which the Group has a 57% attributable interest, has been completed and foundation work is in progress. The Group had previously received a premium offer from the Government in respect of an application for insitu land exchange. The Group was of view that the premium offered was too high, and an appeal for reduction of the premium was lodged. Subsequent to the year-end, the Group received a revised premium offer from the Government and the premium was reduced by approximately 25% as compared to that under the previous offer. The Group considered the revised premium to be reasonable, and subsequently entered into a binding agreement with the Government in respect of the land exchange.

Despite the pressure of further downward adjustment in the rental of retail premises throughout the region, rental income from the Commercial Podium at Elizabeth House has remained relatively stable. The September 11 tragedy and the war in Afghanistan have dealt a heavy blow to the Group's hotel business; fortunately, the relaxation of quotas for tourists from mainland China helped to alleviate to a certain extent the difficulties.

During the year under review, turnover in sales of first-hand small to medium size residential units has improved substantially, probably due to the moratorium on sales of HOS flats and increase in the quota of government subsidized home-purchasing-scheme. Unfortunately, the improvement in turnover did little to prop up the property price. It is not expected that property price is likely to improve significantly in the coming two years due to the relatively high unemployment rate and abundant supply of new units, especially in the New Territories. Subsequent to the year-end, the Government announced its new housing policies. A number of government authorities and quasi-government entities participating in property development will be reorganised. Hopefully, the new policies will boost the confidence of buyers and investors, and the reformed authorities would coordinate more effectively and efficiently for the overall healthy balance of supply and demand in the property market.

The strength and speed of recovery in the global economy, especially in the US, remains uncertain, and its effect has yet to be ascertained. Nevertheless, the interest rate cuts after the September 11 tragedy has provided a stable environment for steady consolidation of the property market. Hong Kong, being a springboard to China, would also benefit from China's accession into WTO. The Board believe that, barring unforeseen circumstances, performance of the Group may improve in the coming years.

EMPLOYEE INFORMATION

As at 31st March 2002, the total number of employees of the Group was 36 (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.

CHANGES IN DIRECTORATE

The following changes in directorate of the Company occurred during the year:

- Mr. Cheng Kam Biu, Wilson and Mr. Chan Chi On, Derek have been appointed as executive directors;
- Mr. Cheung Hon Kit has been appointed as an independent non-executive director;
- Mr. Andrew Marshall John Leitch and Mr. To Shing Chuen have resigned as directors; and
- Mr. To Hin Tsun, Gerald, who was previously an independent non-executive director of the Company, has become a non-executive director.

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.

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.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

Information that is required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) in due course.

By Order of the Board
Chan Boon Ho, Peter
Chairman

Hong Kong, 17th July 2002