

# Asia Orient Holdings Limited Annual Report 2001



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of shareholders of the Company will be held at Empire Hotel, Basement 2, 33 Hennessy Road, Wanchai, Hong Kong on 27th August 2001 (Monday) at 10:30 a.m. for the following purposes:–

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st March 2001;
2. To re-elect retiring Directors and approve their remuneration;
3. To appoint auditors and authorise the board of directors to fix their remuneration;
4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:–

**A. “THAT**

- (a) subject to paragraph 4A(c) of this Resolution, the Directors be and they are generally and unconditionally authorised to exercise during the Relevant Period (as defined in paragraph 4A(d) of this Resolution) all the powers of the Company to allot, issue or otherwise deal with shares of HK\$0.005 each in the capital of the Company (“Shares”) and to make or grant offers, agreements and options which might require the exercise of such powers;
- (b) the approval in paragraph 4A(a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally, or unconditionally, to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph 4A(a) of this Resolution, otherwise than pursuant to: –
  - (i) a Rights Issue (as defined in paragraph 4A(d) of this Resolution);
  - (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;
  - (iii) the exercise of any option granted under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of options to subscribe for or rights to acquire Shares; and
  - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-Laws of the Company;

shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly;

(d) for the purpose of this Resolution:–

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the board of directors of the Company made to holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the board of directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).”

**B. “THAT**

- (a) subject to paragraph 4B(b) of this Resolution, the Directors be and they are generally and unconditionally authorised to exercise during the Relevant Period (as defined in paragraph 4B(c) of this Resolution) all powers of the Company to repurchase the Shares of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or any other stock exchange on which the Shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or that of any other stock exchange as amended from time to time;
- (b) the aggregate nominal amount of the Shares to be repurchased by the Company pursuant to paragraph 4B(a) of this Resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and approvals granted under paragraph 4B(a) of this Resolution shall be limited accordingly; and

(c) for the purpose of this Resolution:–

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by way of ordinary resolution of the shareholders of the Company in general meeting.”

**C.** “**THAT** conditional upon Resolutions 4A and 4B in the notice convening this meeting of which this Resolution forms part being passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with Shares pursuant to Resolution 4A above be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 4B above.”

By Order of the Board  
**Chiu Yuk Ching**  
*Secretary*

Dated 13th July 2001

*Principal Office in Hong Kong*  
30th Floor, Asia Orient Tower  
Town Place  
33 Lockhart Road  
Wanchai  
Hong Kong

*Notes:*

- (1) *Every member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.*
- (2) *A form of proxy for use at the above meeting is enclosed herewith.*

- (3) *Where there are joint holders of any shares, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if they were solely entitled thereto provided that if more than one of such joint holders be present at the meeting personally or by proxy, the person whose name stands first on the register of members in respect of such shares shall alone be entitled to vote in respect thereof.*
- (4) *To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy or office copy of such power or authority must be deposited at the Company's principal office in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).*
- (5) *An explanatory statement containing the information regarding the Ordinary Resolution No. 4 set out in the above notice will be sent to shareholders of the Company.*

## **CORPORATE INFORMATION**

### **DIRECTORS**

Mr. Fung Siu To, Clement (*Chairman*)

Mr. Lim Yin Cheng (*Deputy Chairman*)

Mr. Poon Jing (*Managing Director*)

Mr. Lun Pui Kan

Mr. Kwan Po Lam, Phileas

Mr. Chan Sze Hung (*Independent non-executive Director*)

Mr. Cheung Kwok Wah, Ken (*Independent non-executive Director*)

### **AUDIT COMMITTEE**

Mr. Chan Sze Hung

Mr. Cheung Kwok Wah, Ken

### **AUTHORISED REPRESENTATIVES**

Mr. Fung Siu To, Clement

Mr. Lun Pui Kan

### **COMPANY SECRETARY**

Ms. Chiu Yuk Ching

### **REGISTERED OFFICE**

Cedar House,

41 Cedar Avenue,

Hamilton HM12,

Bermuda

### **PRINCIPAL OFFICE IN HONG KONG**

30th Floor, Asia Orient Tower, Town Place,

33 Lockhart Road, Wanchai,

Hong Kong

Telephone 2866 3336

Fascimile 2866 3772

Website <http://www.asiaorient.com.hk>

**PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
The Bank of East Asia Limited  
Sin Hua Bank Limited  
The China State Bank Limited  
Hua Chiao Commercial Bank Limited  
Kincheng Banking Corporation  
The China and South Sea Bank Limited  
Chiyu Banking Corporation Limited  
Liu Chong Hing Bank Limited  
Bank of Communications

**LEGAL ADVISERS**

Stephenson Harwood & Lo  
18th Floor, Edinburgh Tower, The Landmark,  
15 Queen's Road Central,  
Hong Kong

Appleby, Spurling & Kempe  
5511 The Center,  
99 Queen's Road Central,  
Hong Kong

**AUDITORS**

PricewaterhouseCoopers  
Certified Public Accountants  
22nd Floor, Prince's Building,  
Central,  
Hong Kong

**SHARE REGISTRAR IN BERMUDA**

Butterfield Corporate Services Limited  
Rosebank Centre,  
11 Bermudiana Road,  
Pembroke,  
Bermuda

**HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Central Registration Hong Kong Limited  
17th Floor, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong



## **DIRECTORS AND SENIOR MANAGEMENT**

### **DIRECTORS**

#### **FUNG** Siu To, Clement

Age 53. Chairman of the Company and its listed subsidiary, Asia Standard International Group Limited (“Asia Standard”). He is also an executive director of another listed subsidiary, Asia Standard Hotel Group Limited (“Asia Standard Hotel”). Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree. He joined the Company and its subsidiaries (together the “Group”) in 1988 and has over 20 years of experience in project management and construction. He is the brother-in-law of Mr. Poon Jing, Managing Director.

#### **LIM** Yin Cheng

Age 56. Deputy Chairman of the Company, Asia Standard and Asia Standard Hotel. Mr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 25 years of experience in engineering, project management and administration. He joined the Group in 1992. He is the brother-in-law of Mr. Poon Jing, Managing Director.

#### **POON** Jing

Age 46. Managing Director of the Company and Asia Standard, Chairman of Asia Standard Hotel. Mr. Poon is the founder of the Group and is an independent non-executive director of GZI Transport Limited. He is the brother-in-law of Mr. Fung Siu To, Clement and Mr. Lim Yin Cheng, the Chairman and Deputy Chairman respectively.

#### **LUN** Pui Kan

Age 38. Finance Director of the Company and Asia Standard. Mr. Lun has over 15 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of the Hong Kong Society of Accountants and a fellow member of The Association of Chartered Certified Accountants. He joined the Group in 1994.

#### **KWAN** Po Lam, Phileas

Age 43. Executive Director of the Company and Asia Standard. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1986 and is responsible for property sales and leasing. He has over 10 years of experience in property sales, leasing and real estate management.

#### **CHAN** Sze Hung

Age 48. Independent non-executive Director of the Company. Mr. Chan graduated from the University of Hong Kong with a degree in law. He joined a legal firm for approximately four years prior to becoming a principal partner of Chan, Lau & Wai. He has over 20 years of experience in the legal profession. He was appointed as an independent non-executive Director of the Company in June 1996.

#### **CHEUNG** Kwok Wah, Ken

Age 44. Independent non-executive Director of the Company. Mr. Cheung has over 12 years of experience in the finance field. He is an executive director of ITC Corporation Limited, a listed company in Hong Kong. He was appointed as an independent non-executive Director of the Company in June 1996.

## **SENIOR MANAGEMENT**

### **LEUNG King Yin, Kevin**

Age 39. Executive Director of Asia Standard and Asia Standard Hotel. Mr. Leung is a holder of a Bachelor of Architecture degree. He is an Authorised Person under the Buildings Ordinance of Hong Kong, a registered architect in Australia and a member of both Royal Institute of British Architects and Royal Australian Institute of Architects. He joined the Group in 1996 and is responsible for property development.

### **KESSLER Thomas Alwin**

Age 46. Director of Asia Standard Hotel. Mr. Kessler joined the Group in 1997. He is responsible for the management of the Group's hospitality operations and its corporate services. He has over 20 years of experience in hotel business and has held senior positions in other hotel businesses in Asia and Europe.

## **CHAIRMAN'S STATEMENT**

### **RESULTS**

Turnover for the year amounted to HK\$749 million, representing a decrease of 47% from last year. Loss attributable to shareholders had reduced to HK\$234 million, representing a 49% decrease from HK\$461 million of last year. Net assets decrease by 7% to HK\$2,895 million, mainly due to loss sustained in the property development and sales activities.

### **PROPERTY DEVELOPMENT AND INVESTMENT**

The Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") was 53.4% as at 31st March 2001. The Group shared an attributable loss of HK\$192 million from Asia Standard, which incurred a loss of HK\$358 million for the year. The results of Asia Standard were adversely affected by several factors. During the financial year under review, Asia Standard had no new property projects for sale. Efforts were focused on clearing remaining inventory. About 120,000 sq. ft. of residential and commercial properties were sold in Hong Kong during the year, compared to 280,000 sq. ft. of last year. Sales prices were also pressurised by the sluggish property market during the year.

Rental income was lower this year due to a substantial renovation being carried out at Asia Standard Tower during most of the year to December 2000. Thereafter, occupancy picked up and by 31st March 2001, the building was over 90% leased. The industrial building in Yau Tong, which will be redeveloped into a residential building, was gradually vacated during the year. Leasing activities for the office building, 8 Wing Hing Street in Causeway Bay, commenced in January 2001. Currently, the building was approximately 70% let. Therefore, it is expected that rental income will significantly improve in the coming financial year.

During the year, Asia Standard acquired a 17,000 sq. ft. site in Repulse Bay, which will be developed into a 55,000 sq. ft. luxurious residential apartment building. Estimated investment is about HK\$450 million.

In July 2000, the hotel and management services businesses were spun off from Asia Standard and became separately listed as Asia Standard Hotel Group Limited ("Asia Standard Hotel"). As a result, approximately 27% of Asia Standard Hotel's enlarged share capital was held by the public. Asia Standard incurred an accounting charge of HK\$134 million from this dilution.

### **INVESTMENT IN TECHNOLOGY COMPANIES**

During the year, the Group invested approximately HK\$100 million in technology related companies, including listed and unlisted companies in Hong Kong and overseas. Part of these investments were realised and a net gain of HK\$10 million was recorded.

In May 2001, one of the Group's technology investments, Q9 Technology Holdings Limited, was successfully listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. This company excel in Chinese characters input technology, especially through numeric keypads. The HK\$90 million net proceeds will fuel further features enhancement of its products and expansion into other non-English characters input technology like Korean, Japanese, etc. Following the floatation, the Group's equity interest in the company was diluted from 40% to 32%, with an approximate HK\$31 million gain to be reported in the next accounting period.

The Group's other 40% jointly controlled entity, China Infobank Limited, also starts to pick up its sales of Chinese information content, with over 10 universities in the PRC just included in its customer base. The company is focusing in this category on another 50 potential PRC universities, and selected universities with Asian-studies for rest of the world.

#### **FINANCIAL POSITION**

During the year, the Company issued HK\$60 million 5% convertible notes maturing in January 2003, and redeemed all the outstanding HK\$70 million exchangeable bonds.

Excluding Asia Standard group and the convertible notes mentioned above, the Group has no bank and other borrowings.

#### **PROSPECTS**

During the past financial year, there were substantial changes in the sentiment and valuation of information technology related business. As a consequence, even though our Group has been very selective and conservative in making investments, certain technology investments of our Group have also been adversely affected. Therefore, our Group will further limit our investments in this area.

After several years of adjustments, the property market in Hong Kong appears to be stabilising. With a series of sharp interest rate cuts, demands are picking up. We believe that the property market should revive in the foreseeable near future.

With our strong financial position, amidst this low interest rate environment, our Group will be actively looking at different investment opportunities in order to bring the best return to our shareholders.

**Fung Siu To, Clement**

*Chairman*

Hong Kong, 13th July 2001

## **REPORT OF THE DIRECTORS**

The Directors have pleasure in presenting their report together with the audited accounts for the year ended 31st March 2001.

### **PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS**

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 31 to the accounts.

The activities of the Group are mainly based in Hong Kong. Analyses of the Group's turnover and contribution to operating loss by principal activities and by principal markets are set out in note 2 to the accounts.

### **RESULTS AND APPROPRIATIONS**

The results of the Group for the year are set out in the consolidated profit and loss account on page 20.

The Directors do not recommend the payment of a dividend.

### **FINANCIAL SUMMARY**

A five year financial summary of the results and of the assets and liabilities of the Group is set out on page 59.

### **DONATIONS**

During the year, the Group made charitable and other donations of HK\$59,000.

### **FIXED ASSETS**

Details of the movements in fixed assets of the Group are set out in note 11 to the accounts.

### **SHARE CAPITAL**

Details of the movements in share capital are set out in note 20 to the accounts.

### **USE OF PROCEEDS**

As disclosed in last year's annual report, the Group had total unutilised proceeds from capital raising exercises of approximately HK\$430 million carried forward from the 2000 financial year end in the form of bank deposits. These proceeds were intended to be applied as to approximately HK\$200 million for investment in technology related business and HK\$230 million for general working capital.

During the year, approximately HK\$100 million was invested in technology related business, HK\$100 million was invested in debt securities generating interest income for the Group, HK\$70 million was used to redeem the then outstanding exchangeable bond, HK\$39 million was applied to take up preferential allotment of shares from the spin-off of the hotel group, and HK\$21 million was utilised for working capital. The Directors considered that the change in application of proceeds was in the best interest of the Company in light of the downturn of the technology sector and the low interest environment.

## **RESERVES**

Movements in the reserves of the Group and the Company during the year are set out in note 21 to the accounts.

## **PRINCIPAL PROPERTIES**

Details of the principal properties of the Group are set out on pages 63 to 65.

## **DIRECTORS**

The Directors of the Company during the year and at the date of this report were:

Mr. Fung Siu To, Clement  
Mr. Lim Yin Cheng  
Mr. Poon Jing  
Mr. Lun Pui Kan  
Mr. Kwan Po Lam, Phileas  
Mr. Chan Sze Hung  
Mr. Cheung Kwok Wah, Ken

In accordance with Bye-law 99 of the Company's Bye-Laws, all Directors retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

## **BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT**

Biographical details of Directors and senior management are set out on pages 6 and 7.

## **DIRECTORS' INTERESTS IN CONTRACTS**

No contracts of significance in relation to the Company's business to which the Company or its 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.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Apart from the share option scheme of the Company as disclosed in note 20 to the accounts, and that of its subsidiary, Asia Standard International Group Limited ("Asia Standard"), at no time during the year was the Company or its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY SECURITIES**

As at 31st March 2001, the interests of the Directors and Chief Executives in the equity securities of the Company and its associated corporations (as defined under the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained 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 or as otherwise known to the Directors, were as follows:

**a) The Company**

**(i) Interests in shares**

| Name of director | Number of shares held |                  |                     | Total as at<br>31st March 2001 |
|------------------|-----------------------|------------------|---------------------|--------------------------------|
|                  | Personal interests    | Family interests | Corporate interests |                                |
| Mr. Poon Jing    | 1,481,233,800         | 69,826,000       | 1,900,584,936       | 3,451,644,736                  |

**(ii) Interests in share options**

| Name of director         | Nature of interests | Exercised during the year | Exercise price | Number of options held as at 31st March 2001 |
|--------------------------|---------------------|---------------------------|----------------|--|
| Mr. Fung Siu To, Clement | Personal            | Nil                       | HK\$0.3466     | 15,000,000                                   |
| Mr. Lim Yin Cheng        | Personal            | Nil                       | HK\$0.3466     | 15,000,000                                   |
| Mr. Lun Pui Kan          | Personal            | Nil                       | HK\$0.3466     | 15,000,000                                   |
| Mr. Kwan Po Lam, Phileas | Personal            | Nil                       | HK\$0.3466     | 15,000,000                                   |

The options were granted under the share option scheme approved by the shareholders of the Company at a Special General Meeting on 28th August 1996. The options are exercisable at any time on or before 13th February 2010. Adjustments to the number of share options and the exercise price have been made as a result of the Company's bonus issue in September 2000.

**b) Subsidiaries**

**(i) Interests in shares**

| Name of director                              | Name of subsidiary   | Number of shares held |                     |                             |
|---|--|-----------------------|---------------------|-----------------------------|
|   |  | Personal interests    | Corporate interests | Total as at 31st March 2001 |
| Mr. Poon Jing                                 | Asia Standard International Group Limited<br>("Asia Standard") | 4,445,650             | 2,196,391,030*      | 2,200,836,680               |
| Mr. Poon Jing                                 | Asia Standard Hotel Group Limited<br>("Asia Standard Hotel")   | 248,937               | 3,699,148,774*      | 3,699,397,711               |
| Mr. Poon Jing and<br>Mr. Fung Siu To, Clement | Centop Investment Limited                                      | –                     | 20                  | 20                          |
| Mr. Fung Siu To, Clement                      | Mark Honour Limited  | 1                     | –                   | 1                           |

\* *By virtue of his controlling interest in the Company, Mr. Poon Jing is deemed to be interested in the shares of Asia Standard and Asia Standard Hotel held by the Company's subsidiaries.*

In addition, by virtue of his interests in the Company, Mr. Poon Jing is deemed to be interested in the shares of all of the Company's subsidiaries.

**(ii) Interests in share options**

| Name of director | Name of subsidiary | Nature of interests | Exercised during the year | Exercise price | Number of options held as at 31st March 2001 |
|------------------|--------------------|---------------------|---------------------------|----------------|--|
| Mr. Lun Pui Kan  | Asia Standard      | Personal            | Nil                       | HK\$0.384      | 1,750,000                                    |

The options were granted under an Executive Share Option Scheme approved by the shareholders of Asia Standard at a Special General Meeting on 23rd December 1991. The options are exercisable on or before 27th March 2005. Adjustments to the number of share options and the exercise price have been made as a result of the bonus issue and bonus warrants issue of Asia Standard approved at a Special General Meeting on 26th September 2000.

**(iii) Interests in warrants**

| Name of director | Name of subsidiary  | Number of warrants held |                     |             |
|------------------|---------------------|-------------------------|---------------------|-------------|
|                  |                     | Personal interests      | Corporate interests | Total       |
| Mr. Poon Jing    | Asia Standard Hotel | 49,248                  | 731,814,267         | 731,863,515 |
| Mr. Poon Jing    | Asia Standard       | 683,999                 | 439,650,816         | 440,334,815 |

The warrants were approved by the respective shareholders at Special General Meetings held on 26th September 2000. The warrants were granted on 27th September 2000. In addition, by virtue of his interests in the Company, Mr. Poon Jing is deemed to be interested in the warrants of Asia Standard Hotel and Asia Standard.

Save as disclosed above, none of the Directors or Chief Executives was interested in the equity securities of the Company or any of its associated corporations as at 31st March 2001 and none of the Directors or Chief Executives or his spouse or children under 18 years of age had been granted or exercised any right to subscribe for such equity securities during the year.

**SUBSTANTIAL SHAREHOLDERS**

At 31st March 2001, the register of substantial shareholders maintained pursuant to Section 16(1) of the SDI Ordinance showed that the Company had been notified of the following interests, being 10% or more of the Company's issued share capital.



**Number of shares as at  
31st March 2001**

---

|  |               |
|--|---------------|
| Mr. Poon Jing                              | 1,481,233,800 |
| Teddington Holdings Limited (“Teddington”) | 792,829,080   |

Teddington is controlled by Mr. Poon Jing and the interests held by it are included in Mr. Poon Jing’s corporate interests disclosed under the heading “Directors’ and Chief Executives’ Interests in Equity Securities” above.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

**PRE-EMPTIVE RIGHTS**

No pre-emptive rights exist in Bermuda in respect of the Company’s share capital.

**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**

The percentages of the Group’s purchases and sales for the year attributable to major suppliers and customers were as follows:

|  |       |
|--|-------|
| Percentage of purchases attributable to the Group’s largest supplier       | 50.0% |
| Percentage of purchases attributable to the Group’s five largest suppliers | 80.9% |
| Percentage of sales attributable to the Group’s largest customer           | 3.3%  |
| Percentage of sales attributable to the Group’s five largest customers     | 9.7%  |

None of the Directors, their associates, or shareholders, which to the knowledge of the Directors, held any interests in the share capital of the suppliers or customers noted above.

**CORPORATE GOVERNANCE**

During the year, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

**AUDIT COMMITTEE**

The Audit Committee members are Mr. Chan Sze Hung and Mr. Cheung Kwok Wah, Ken. The principal activities of the Audit Committee include the review and supervision of the Group’s financial reporting process and internal controls.

**PROFORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES**

A proforma combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group’s attributable interest in these affiliated companies are shown on page 60 pursuant to Practice Note 19 of the Listing Rules.

**SUBSEQUENT EVENT**

Details of a significant subsequent event are set out in note 29 to the accounts.

**AUDITORS**

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. PricewaterhouseCoopers replaced Price Waterhouse in 1999 following their merger with Coopers & Lybrand.

On behalf of the Board

**Fung Siu To, Clement**

*Chairman*

HONG KONG, 13th July 2001

## **REPORT OF THE AUDITORS**

### **TO THE SHAREHOLDERS OF ASIA ORIENT HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

We have audited the accounts on pages 20 to 58 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Company's Directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

#### **BASIS OF OPINION**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

#### **OPINION**

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31st March 2001 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **PRICEWATERHOUSECOOPERS**

*Certified Public Accountants*

HONG KONG, 13th July 2001

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Year Ended 31st March 2001

|                                   | <i>Note</i> | <b>2001</b><br><b>HK\$'000</b> | 2000<br>HK\$'000 |
|-----------------------------------|-------------|--------------------------------|------------------|
| Turnover                          | 2           | <b>748,937</b>                 | 1,420,351        |
| Cost of sales                     |             | <b>(536,724)</b>               | (1,130,140)      |
| Gross profit                      |             | <b>212,213</b>                 | 290,211          |
| Administrative expenses           |             | <b>(145,598)</b>               | (158,694)        |
| Other charges                     | 3           | <b>(211,513)</b>               | (463,174)        |
| Operating loss                    | 4           | <b>(144,898)</b>               | (331,657)        |
| Finance costs                     | 5           | <b>(151,136)</b>               | (176,892)        |
| Share of profits less losses of   |             |                                |                  |
| Jointly controlled entities       |             | <b>(31,502)</b>                | (22,865)         |
| Associated companies              |             | <b>(81,601)</b>                | (44,857)         |
| Loss before taxation              |             | <b>(409,137)</b>               | (576,271)        |
| Taxation credit / (charge)        | 7           | <b>5,956</b>                   | (17,319)         |
| Loss after taxation               |             | <b>(403,181)</b>               | (593,590)        |
| Minority interests                |             | <b>168,978</b>                 | 132,377          |
| Loss attributable to shareholders | 8           | <b>(234,203)</b>               | (461,213)        |
| Loss per share                    | 10          | <b>(3.1) cents</b>             | (8.1) cents      |

## CONSOLIDATED BALANCE SHEET

As at 31st March 2001

|  | <i>Note</i> | <b>2001</b><br><b>HK\$'000</b> | 2000<br>HK\$'000 |
|--|-------------|--------------------------------|------------------|
| Fixed assets   | <i>11</i>   | <b>4,679,760</b>               | 4,478,533        |
| Jointly controlled entities                                  | <i>13</i>   | <b>300,806</b>                 | 238,020          |
| Associated companies   | <i>14</i>   | <b>680,192</b>                 | 766,764          |
| Investment securities  |             | –                              | 66,727           |
| Mortgage loans receivable                                    |             | <b>93,364</b>                  | 102,425          |
| Current assets   |             |                                |                  |
| Properties held for / under development for sale             | <i>15</i>   | <b>1,908,966</b>               | 2,228,631        |
| Completed properties held for sale                           | <i>15</i>   | <b>907,516</b>                 | 431,785          |
| Hotel and restaurant inventories                             |             | <b>3,395</b>                   | 4,110            |
| Deposits paid for properties                                 |             | <b>600</b>                     | 65,775           |
| Debtors and prepayments                                      | <i>16</i>   | <b>353,807</b>                 | 305,804          |
| Other investments  | <i>17</i>   | <b>277,046</b>                 | 57,884           |
| Tax recoverable  |             | <b>2,957</b>                   | 2,048            |
| Bank balances and cash                                       | <i>18</i>   | <b>490,710</b>                 | 825,224          |
|  |             | <b>3,944,997</b>               | 3,921,261        |
| <hr style="border-top: 1px dashed black;"/>                  |             |                                |                  |
| Current liabilities  |             |                                |                  |
| Deposits received from sale of properties                    |             | <b>2,425</b>                   | 79,853           |
| Creditors and accruals                                       | <i>19</i>   | <b>279,676</b>                 | 251,882          |
| Short term bank loans and overdrafts                         |             |                                |                  |
| Secured  |             | <b>149,081</b>                 | 163              |
| Unsecured  |             | <b>58,360</b>                  | 93,199           |
| Convertible bonds  | <i>22</i>   | <b>251,290</b>                 | –                |
| Current portion of long term loans                           | <i>25</i>   | <b>289,024</b>                 | 314,900          |
| Taxation   |             | <b>29,878</b>                  | 37,928           |
| Dividend payable to minority shareholders<br>of a subsidiary |             | –                              | 5,637            |
|  |             | <b>1,059,734</b>               | 783,562          |
| <hr style="border-top: 1px dashed black;"/>                  |             |                                |                  |
| Net current assets   |             | <b>2,885,263</b>               | 3,137,699        |
| <hr style="border-top: 1px dashed black;"/>                  |             |                                |                  |
|  |             | <b>8,639,385</b>               | 8,790,168        |
| <hr style="border-top: 1px solid black;"/>                   |             |                                |                  |
| Financed by:   |             |                                |                  |
| Share capital  | <i>20</i>   | <b>37,457</b>                  | 24,971           |
| Reserves   | <i>21</i>   | <b>2,857,710</b>               | 3,101,402        |
| Shareholders' funds  |             | <b>2,895,167</b>               | 3,126,373        |

|                              |    |                  |           |
|------------------------------|----|------------------|-----------|
| Convertible bonds            | 22 | –                | 251,290   |
| Exchangeable bonds           | 23 | –                | 78,000    |
| Convertible notes            | 24 | <b>60,000</b>    | –         |
| Long term loans              | 25 | <b>2,442,053</b> | 2,492,069 |
| Minority interests and loans | 26 | <b>3,242,165</b> | 2,842,436 |
|                              |    | <b>8,639,385</b> | 8,790,168 |

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**Fung Siu To, Clement**  
*Director*

**Lun Pui Kan**  
*Director*

**BALANCE SHEET**

As At 31st March 2001

|   | <i>Note</i> | <b>2001</b><br><b>HK\$'000</b> | 2000<br>HK\$'000 |
|---|-------------|--------------------------------|------------------|
| Subsidiaries                                | <i>12</i>   | <b>4,382,224</b>               | 3,924,506        |
| <hr style="border-top: 1px dashed black;"/> |             |                                |                  |
| Current assets                              |             |                                |                  |
| Debtors and prepayments                     |             | <b>1,482</b>                   | 422              |
| Bank balances and cash                      |             | <b>5</b>                       | 399,197          |
|   |             | <b>1,487</b>                   | 399,619          |
| Current liabilities                         |             |                                |                  |
| Creditors and accruals                      |             | <b>1,018</b>                   | 538              |
| Net current assets                          |             | <b>469</b>                     | 399,081          |
| <hr style="border-top: 1px dashed black;"/> |             |                                |                  |
|   |             | <b>4,382,693</b>               | 4,323,587        |
| <hr style="border-top: 3px double black;"/> |             |                                |                  |
| Financed by:                                |             |                                |                  |
| Share capital                               | <i>20</i>   | <b>37,457</b>                  | 24,971           |
| Reserves                                    | <i>21</i>   | <b>4,285,236</b>               | 4,298,616        |
| Shareholders' funds                         |             | <b>4,322,693</b>               | 4,323,587        |
| Convertible notes                           | <i>24</i>   | <b>60,000</b>                  | –                |
|   |             | <b>4,382,693</b>               | 4,323,587        |
| <hr style="border-top: 3px double black;"/> |             |                                |                  |

**Fung Siu To, Clement**  
*Director*

**Lun Pui Kan**  
*Director*

## CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended 31st March 2001

|  | <i>Note</i>  | <b>2001</b>      | 2000      |
|--|--------------|------------------|-----------|
|  |              | <b>HK\$'000</b>  | HK\$'000  |
| NET CASH INFLOW FROM OPERATING<br>ACTIVITIES                             | <i>30(a)</i> | <b>62,663</b>    | 489,600   |
| <hr/>  |              |                  |           |
| RETURNS ON INVESTMENTS AND SERVICING<br>OF FINANCE                       |              |                  |           |
| Interest received  |              | <b>49,601</b>    | 47,507    |
| Interest paid  |              | <b>(284,421)</b> | (334,581) |
| Dividends received from associated companies                             |              | <b>850</b>       | 11,451    |
| Dividends received from listed investments                               |              | <b>5</b>         | 1,827     |
| Dividends paid to minority shareholders of subsidiaries                  |              | <b>(7,930)</b>   | (19,931)  |
| NET CASH OUTFLOW FROM RETURNS ON<br>INVESTMENTS AND SERVICING OF FINANCE |              | <b>(241,895)</b> | (293,727) |
| <hr/>  |              |                  |           |
| TAXATION   |              |                  |           |
| Hong Kong profits tax paid   |              | <b>(2,374)</b>   | (24,950)  |
| Hong Kong profits tax refunded   |              | <b>1,036</b>     | –         |
| Overseas tax paid  |              | <b>(1,424)</b>   | (684)     |
| TOTAL TAXATION PAID  |              | <b>(2,762)</b>   | (25,634)  |
| <hr/>  |              |                  |           |
| INVESTING ACTIVITIES   |              |                  |           |
| Proceeds on disposal of other investments                                |              | <b>39,710</b>    | 91,003    |
| Proceeds on partial disposal of interest in a subsidiary                 |              | –                | 161,787   |
| Acquisition of subsidiaries  | <i>30(b)</i> | <b>(6,850)</b>   | (24,189)  |
| Acquisition of additional interest in a subsidiary                       |              | –                | (2,474)   |
| Addition to fixed assets   |              | <b>(180,151)</b> | (77,946)  |
| Proceeds on disposal of fixed assets                                     |              | <b>8</b>         | –         |
| Purchase of other investments  |              | <b>(238,022)</b> | (127,295) |
| Acquisition of jointly controlled entities                               |              | –                | (24,372)  |
| (Increase) / decrease in advances to                                     |              |                  |           |
| Jointly controlled entities  |              | <b>(94,288)</b>  | (27,917)  |
| Associated companies   |              | <b>(6,020)</b>   | 24,854    |
| NET CASH OUTFLOW FROM INVESTING<br>ACTIVITIES                            |              | <b>(485,613)</b> | (6,549)   |
| <hr/>  |              |                  |           |
| NET CASH (OUTFLOW) / INFLOW BEFORE<br>FINANCING                          |              | <b>(667,607)</b> | 163,690   |



|  | <i>Note</i>  | <b>2001</b><br><b>HK\$'000</b> | 2000<br>HK\$'000 |
|--|--------------|--------------------------------|------------------|
| NET CASH (OUTFLOW) / INFLOW BEFORE FINANCING                     |              | <b>(667,607)</b>               | 163,690          |
| <hr style="border-top: 1px dashed black;"/>                      |              |                                |                  |
| FINANCING  |              |                                |                  |
| Drawdown of long term bank loans and other loans                 |              | <b>1,366,440</b>               | 337,699          |
| Repayment of long term bank loans and other loans                |              | <b>(1,426,635)</b>             | (645,365)        |
| Increase / (decrease) in short term loans                        |              | <b>120,000</b>                 | (964,318)        |
| Proceeds from spin-off of a subsidiary (net of related expenses) |              | <b>282,370</b>                 | –                |
| Increase in loans from minority shareholders of subsidiaries     |              | <b>7,575</b>                   | –                |
| Share options exercised  |              | –                              | 104,000          |
| Issue of shares  |              | –                              | 656,200          |
| Share issue expenses   |              | <b>(105)</b>                   | (28,462)         |
| Issue of shares by a subsidiary to its minority shareholders     |              | –                              | 408,118          |
| Issue of exchangeable bonds                                      |              | –                              | 78,000           |
| Issue of convertible notes                                       |              | <b>60,000</b>                  | 200,000          |
| Repayment of exchangeable bonds                                  |              | <b>(70,826)</b>                | –                |
| Decrease in restricted bank balances                             |              | <b>1,364</b>                   | 1,958            |
| NET CASH INFLOW FROM FINANCING                                   | <i>30(c)</i> | <b>340,183</b>                 | 147,830          |
| <hr style="border-top: 1px dashed black;"/>                      |              |                                |                  |
| (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS               |              | <b>(327,424)</b>               | 311,520          |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR                   |              | <b>690,780</b>                 | 378,620          |
| Changes in exchange rates  |              | <b>195</b>                     | 640              |
| CASH AND CASH EQUIVALENTS AT END OF YEAR                         |              | <b>363,551</b>                 | 690,780          |
| <hr style="border-top: 1px solid black;"/>                       |              |                                |                  |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS            |              |                                |                  |
| Bank balances (excluding pledged deposits)                       |              | <b>440,992</b>                 | 774,142          |
| Short term bank loans and overdrafts                             |              | <b>(77,441)</b>                | (83,362)         |
|  |              | <b>363,551</b>                 | 690,780          |
| <hr style="border-top: 1px solid black;"/>                       |              |                                |                  |

## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For The Year Ended 31st March 2001

|  | <i>Note</i> | <b>2001</b><br><b>HK\$'000</b> | 2000<br>HK\$'000 |
|--|-------------|--------------------------------|------------------|
| Exchange differences arising on translation of accounts of overseas subsidiaries, associated companies and jointly controlled entities | 21          | <b>(4,983)</b>                 | 3,266            |
| Revaluation surplus / (deficit) on investment properties   |             |                                |                  |
| Subsidiaries   | 21          | <b>16,069</b>                  | (32,393)         |
| Associated company   | 21          | <b>(5,288)</b>                 | (6,957)          |
| Revaluation surplus / (deficit) on hotel properties  | 21          | <b>46,685</b>                  | (61,101)         |
| Revaluation deficit on other properties  | 21          | <b>(3,193)</b>                 | (6,762)          |
| Net gains / (losses) not recognised in the profit and loss account   |             | <b>49,290</b>                  | (103,947)        |
| Loss for the year attributable to shareholders   | 21          | <b>(234,203)</b>               | (461,213)        |
| Release of reserves upon disposal / deemed disposal of subsidiaries  |             |                                |                  |
| Investment properties revaluation reserve  |             |                                |                  |
| Subsidiaries   | 21          | <b>(608)</b>                   | (38,721)         |
| Associated company   | 21          | <b>(9)</b>                     | (2,882)          |
| Hotel properties revaluation reserve   | 21          | <b>(20,912)</b>                | (52,649)         |
| Other properties revaluation reserve   | 21          | <b>(340)</b>                   | (17,538)         |
| Revenue reserve  | 21          | <b>556</b>                     | –                |
| Capital reserve  | 21          | <b>(24,875)</b>                | (198,679)        |
| Total recognised losses  |             | <b>(231,101)</b>               | (875,629)        |
| Premium on acquisition of jointly controlled entities taken directly to reserves   | 21          | –                              | (281,150)        |
| Reserve on consolidation   | 21          | –                              | 3,197            |
|  |             | <b>(231,101)</b>               | (1,153,582)      |

## NOTES TO THE ACCOUNTS

### 1 PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment, hotel and certain other properties and in accordance with accounting principles generally accepted in Hong Kong.

#### (a) Basis of consolidation

The consolidated accounts of the Group include the accounts of the Company and its subsidiaries made up to 31st March and the Group's share of post-acquisition profits less losses, and reserves, of its associated companies and jointly controlled entities. The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition and to the effective dates of disposal respectively.

Capital reserve or goodwill arising on acquisition of subsidiaries, associated companies and jointly controlled entities which represents the shortfall or excess of purchase consideration over the fair values ascribed to the net assets acquired, is taken directly to reserves in the year of acquisition. Upon the disposal of a subsidiary, associated company or jointly controlled entity, the related capital reserve or goodwill is included in calculating the profit or loss on disposal.

All material intra-group transactions and balances have been eliminated on consolidation.

#### (b) Subsidiaries

A company is a subsidiary if more than 50% of the voting capital is held for the long term or if the composition of the board of directors is controlled by the Group. Investments in subsidiaries are carried at cost. Provision is made when the Directors consider that there is a diminution in value other than temporary in nature.

#### (c) Fixed assets

##### (i) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for investment purpose.

Investment properties held on leases of more than twenty years are stated at valuation. Independent professional valuations are carried out at intervals of not more than three years by independent valuers; in each of the intervening years, valuations are undertaken by either independent professional valuers or professionally qualified executives of the Group. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. Increases in valuation are credited to investment properties revaluation reserve; decreases are first set off against increases on earlier valuations

on a portfolio basis and thereafter charged to the profit and loss account. Upon disposal of an investment property, the related revaluation surplus is released from the investment properties revaluation reserve and included in calculating the profit or loss on disposal.

No depreciation is provided in respect of investment properties held on leases of more than twenty years.

(ii) *Hotel properties*

Hotel properties are interests in land and buildings and their integral fixed plant, fixtures and fittings which are collectively used in the hotel operation. The initial cost of the hotel operating equipment (linen, silverware and chinaware) was included in the cost of hotel properties and subsequent additions or replacement are charged to the profit and loss account as incurred. Hotel properties are revalued annually based on independent professional valuations on an open market value basis. Changes in the values of hotel properties are dealt with as movements in the hotel properties revaluation reserve. If the reserve is insufficient to cover a revaluation deficit, the excess of the deficit is charged to the profit and loss account.

No depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain hotel buildings in a continual state of sound repairs and to make improvements thereto from time to time and accordingly the Directors consider that, given the estimated lives of the hotel properties, any depreciation charge would be insignificant due to their high residual value. Such expenditure on repairs and maintenance is charged to the profit and loss account as incurred.

(iii) *Other properties*

Other properties are interests in land and buildings other than investment or hotel properties and are stated at cost less accumulated depreciation or valuation.

In respect of land and buildings stated at valuation, independent professional valuations are carried out at intervals of not more than three years by independent valuers; in each of the intervening years, the Directors review the carrying value of the other properties and adjustment is made where there has been a material change. Increases in valuation are credited to the other properties revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and are thereafter debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon the disposal of a property, the relevant portion of the realised revaluation reserve in respect of previous valuations is transferred from the revaluation reserve to revenue reserve.

Depreciation is provided on other properties, using the straight line method, to write off their cost or valuation over their estimated useful lives as follows:

|                |                          |
|----------------|--------------------------|
| Leasehold land | Unexpired term of leases |
| Buildings      | 50 years                 |

Upon revaluation of other properties, the accumulated depreciation at the date of revaluation is eliminated against the cost of the other properties and the resulting net amount is restated to the revalued amount of the other properties. The amount of the adjustment arising on the elimination of accumulated depreciation forms part of the changes in the carrying amount of the other properties as a result of a revaluation which is dealt with on the same basis as changes in valuation of the other properties as mentioned above.

(iv) *Properties under development for investment*

Properties under development for investment are stated at cost and are included in fixed assets. Cost comprises land at cost, construction costs, interest and other direct expenses capitalised. Provision is made when the Directors consider that there is a diminution in value other than temporary in nature. On completion, the properties are transferred to investment or hotel properties respectively.

No depreciation is provided on properties under development for investment.

(v) *Other fixed assets*

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on other fixed assets, using the straight line method, to write off their costs over their estimated useful lives of 4 to 10 years.

Profit or loss on disposal of fixed assets is determined as the difference between the net disposal proceeds and the carrying amounts of the assets and is dealt with in the profit and loss account.

**(d) Associated companies**

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised in its management.

The Group's investments in associated companies are included in the consolidated balance sheet at the Group's share of net assets.

In the Company's balance sheet, investments in associated companies are carried at cost. Provision is made when the Directors consider that there is a diminution in value other than temporary in nature.

(e) **Jointly controlled entities**

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with other venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. Investments in jointly controlled entities are carried in the consolidated balance sheet at the Group's share of net assets. The Group continues to share losses incurred by jointly controlled entities, which is over and above the carrying amounts of the investments, to the extent that the Group has guaranteed obligations or other commitments of these jointly controlled entities.

In the Company's balance sheet, investments in jointly controlled entities are stated at cost. Provision is made when the Directors consider that there is a diminution in value other than temporary in nature.

(f) **Other investments**

Other investments are stated in the balance sheet at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair values are recognised in the profit and loss account. Profits or losses on disposals of such investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(g) **Properties held for / under development for sale**

Properties held for / under development for sale are included in current assets and comprise land at cost, construction costs, interest and other direct costs attributable to such properties and attributable profits taken to-date, less sales instalments received and allowances for any foreseeable losses.

When a development property is sold in advance of completion, profit is recognised over the course of the development and is computed each year as a proportion of the total estimated profit to completion; the proportion used being the lower of the proportion of the construction works completed and the proportion of sales proceeds received and receivable at the balance sheet date to total sales proceeds.

Where purchasers fail to pay the balance of the purchase price on completion and the Group exercises its entitlement to resell the property, sales deposits received in advance of completion which are forfeited are credited to operating profit; and any profits recognised up to the date of completion are written back.

(h) **Completed properties held for sale**

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises land at cost, construction costs, interest and other direct expenses capitalised during the course of development. Net realisable value is determined by the Directors based on prevailing market conditions.

**(i) Hotel and restaurant inventories**

Hotel and restaurant inventories comprise consumables and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis.

**(j) Deferred taxation**

Deferred taxation is provided at the current taxation rate in respect of material timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

**(k) Revenue recognition**

Revenue is recognised when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably on the following bases:

*(i) Properties held for / under development for sale*

Revenue from sales of development properties for sale is recognised as set out in note (g) above.

*(ii) Completed properties held for sale*

Revenue from sales of completed properties held for sale is recognised upon completion of the sale and purchase contracts.

*(iii) Investment properties*

Rental income from investment properties is recognised on a straight line basis over the terms of the respective leases.

*(iv) Hotel and management businesses*

Revenue from hotel operations is recognised upon provision of services. Management fee income is recognised when services are rendered.

*(v) Investment and others*

Revenue from sales of securities is recognised when the significant risks and rewards of ownership have been transferred to the purchaser.

Interest income is recognised on a time proportion basis that takes into account the principal amount outstanding and the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

**(l) Foreign currencies**

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiaries, associated companies and jointly controlled entities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising therefrom are dealt with as a movement in reserves.

**(m) Borrowing costs**

Borrowing costs incurred on properties under development that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the properties under development.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

**(n) Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**2 TURNOVER AND CONTRIBUTION TO OPERATING LOSS**

The Group is principally engaged in property investment and development, hotel and management services businesses, financing service and other investment activities. Turnover comprises proceeds from sales of properties, rental and management fee income, income from hotel operation, income from sales of other investments, interest and dividend income.

Analyses of the Group's turnover and contribution to operating loss by principal activities and by principal markets are set out below :



|  | Turnover         |                  | Contribution to operating loss |                  |
|--|------------------|------------------|--------------------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000               | 2000<br>HK\$'000 |
| By principal activities                                |                  |                  |                                |                  |
| Property sales   | 406,816          | 1,001,398        | (15,005)                       | 47,842           |
| Property investment                                    | 39,001           | 69,147           | 28,657                         | 59,967           |
| Hotel and management services businesses               | 160,457          | 174,902          | 39,871                         | 43,863           |
| Investment and others                                  | 142,663          | 174,904          | 93,040                         | 61,577           |
|  | <b>748,937</b>   | <b>1,420,351</b> | <b>146,563</b>                 | <b>213,249</b>   |
| Corporate expenses                                     |                  |                  | (79,948)                       | (81,732)         |
| Other charges  |                  |                  | (211,513)                      | (463,174)        |
| Operating loss   |                  |                  | <b>(144,898)</b>               | <b>(331,657)</b> |
| By principal markets                                   |                  |                  |                                |                  |
| Hong Kong  | 612,138          | 1,279,476        | 123,063                        | 195,831          |
| People's Republic of China excluding Hong Kong ("PRC") | 62,680           | 54,987           | 2,781                          | (7,319)          |
| Canada   | 74,119           | 85,888           | 20,719                         | 24,737           |
|  | <b>748,937</b>   | <b>1,420,351</b> | <b>146,563</b>                 | <b>213,249</b>   |
| Corporate expenses                                     |                  |                  | (79,948)                       | (81,732)         |
| Other charges  |                  |                  | (211,513)                      | (463,174)        |
| Operating loss   |                  |                  | <b>(144,898)</b>               | <b>(331,657)</b> |

### 3 OTHER CHARGES

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| Loss on disposal / dilution of interests in Asia Standard International Group Limited ("Asia Standard") | (19,343)         | (307,377)        |
| Provision for diminution in value of properties under development / held for sale                       | (65,419)         | (155,797)        |
| Written back of provision for diminution in value of properties held for sale                           | 62,000           | —                |
| Loss on deemed disposal of hotel and management services businesses (note (a))                          | (124,662)        | —                |
| Unrealised losses on other investments  | (64,089)         | —                |
|   | <b>(211,513)</b> | <b>(463,174)</b> |

- (a) Following a group reorganisation which was completed on 19th July 2000, the Group successfully spun off its hotel and management services businesses into a separate company, Asia Standard Hotel Group Limited (“Asia Standard Hotel”). Asia Standard Hotel was listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 25th July 2000. As a result of the spin off, approximately 27% of Asia Standard Hotel’s enlarged share capital was held by the public, which gave rise to a loss on deemed disposal of approximately HK\$125 million before minority interests’ share thereof.

#### 4 OPERATING LOSS

|   | 2001<br>HK\$’000 | 2000<br>HK\$’000 |
|---|------------------|------------------|
| Operating loss is stated after crediting<br>and charging the following: |                  |                  |
| <b>Crediting</b>  |                  |                  |
| Forfeited deposits  | 1,831            | 1,562            |
| Interest income   |                  |                  |
| Debt securities   | 5,101            | –                |
| Other   | 70,457           | 46,739           |
| Net rental income (note (a))  | 28,657           | 59,967           |
| Dividends from listed investments                                       | 5                | 1,827            |
| Net realised and unrealised gains on other investments                  | –                | 22,204           |
| <b>Charging</b>   |                  |                  |
| Staff costs (note (b))  | 72,058           | 85,963           |
| Depreciation  | 9,482            | 10,857           |
| Auditors’ remuneration  | 3,892            | 3,383            |
| Retirement benefits costs (note (c))                                    | 983              | 1,192            |
| Loss on disposal of fixed assets  | 7                | 7,630            |
| Net realised and unrealised losses on other investments                 | 52,727           | –                |

#### (a) Net rental income

|  | 2001<br>HK\$’000 | 2000<br>HK\$’000 |
|--|------------------|------------------|
| Gross rental income from investment properties | 39,001           | 69,147           |
| Outgoings                                      | (10,344)         | (9,180)          |
|  | 28,657           | 59,967           |

| <b>(b) Staff costs</b>                      | <b>2001</b>     | 2000     |
|---|-----------------|----------|
|   | <b>HK\$'000</b> | HK\$'000 |
| Staff costs                                 | <b>80,128</b>   | 94,083   |
| Capitalised as properties under development | <b>(8,070)</b>  | (8,120)  |
|   | <b>72,058</b>   | 85,963   |

| <b>(c) Retirement benefits costs</b> | <b>2001</b>     | 2000     |
|--------------------------------------|-----------------|----------|
|                                      | <b>HK\$'000</b> | HK\$'000 |
| Gross contributions                  | <b>1,310</b>    | 1,311    |
| Forfeiture utilised                  | <b>(327)</b>    | (119)    |
| Net contributions                    | <b>983</b>      | 1,192    |

The Group participates in two types of defined contribution schemes, namely the Mandatory Provident Fund (“MPF”) Scheme and Occupational Retirement Scheme Ordinance (“ORSO”) Scheme for employees.

The Group participates in several defined contribution schemes under the ORSO which are available to employees joining before 1st December 2000. Under these schemes, contributions of 5% of the employee’s monthly salaries are made by the employees and by the Group and are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The Group also participates in the MPF for all employees not joining the ORSO schemes. Monthly contributions of 5% of the employee’s relevant income are made to the MPF scheme in accordance with the legislative requirements and are expensed as incurred. The assets of all retirement schemes are held separately from those of the Group in independently administered funds.

As at 31st March 2001, forfeitures of HK\$41,000 (2000: nil) were available to reduce the Group’s future contribution.

## 5 FINANCE COSTS

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| Interest expense                                    |                  |                  |
| Long term bank loans                                | 237,138          | 237,614          |
| Exchangeable bonds                                  | 8,207            | 1,710            |
| Convertible bonds                                   | 21,686           | 21,845           |
| Convertible notes                                   | 616              | –                |
| Loans from minority shareholders of subsidiaries    | 7,134            | 5,927            |
| Short term bank loans and overdraft                 | 12,337           | 42,378           |
| Other loans wholly repayable within 5 years         | –                | 14,774           |
| Other incidental borrowing costs                    | 30,834           | 24,482           |
|   | <b>317,952</b>   | 348,730          |
| Capitalised as cost of properties under development |                  |                  |
| Interest expense                                    | (158,508)        | (167,253)        |
| Other incidental borrowing costs                    | (8,308)          | (4,585)          |
|   | <b>151,136</b>   | 176,892          |

To the extent funds are borrowed generally and used for the purpose of financing certain properties under development, the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation as part of the costs of these properties under development was 8.4% (2000: 8.1%) per annum.

## 6 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The aggregate amount of emoluments paid and payable to Directors of the Company during the year are as follows:

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Fees (i)   | 40               | 40               |
| Salaries, housing allowances and benefits in kind (ii) | 23,468           | 10,811           |
|  | <b>23,508</b>    | 10,851           |

(i) Fees paid by the Company to independent non-executive Directors.

(ii) Other emoluments paid to executive Directors include HK\$12,468,000 (2000: HK\$10,811,000) paid by Asia Standard and HK\$8,000,000 (2000: nil) paid by Asia Standard Hotel, both being the company's listed subsidiaries.

The emoluments of individual Directors fell within the following bands:

| <b>Emolument bands</b>        | <b>Number</b> |             |
|-------------------------------|---------------|-------------|
|                               | <b>2001</b>   | <b>2000</b> |
| HK\$Nil – HK\$1,000,000       | <b>2</b>      | 2           |
| HK\$1,000,001 – HK\$1,500,000 | –             | 1           |
| HK\$1,500,001 – HK\$2,000,000 | –             | 1           |
| HK\$2,000,001 – HK\$2,500,000 | <b>1</b>      | 2           |
| HK\$2,500,001 – HK\$3,000,000 | –             | 1           |
| HK\$3,500,001 – HK\$4,000,000 | <b>1</b>      | –           |
| HK\$4,500,001 – HK\$5,000,000 | <b>1</b>      | –           |
| HK\$5,000,001 – HK\$5,500,000 | <b>1</b>      | –           |
| HK\$7,500,001 – HK\$8,000,000 | <b>1</b>      | –           |

None of the Directors has waived the right to receive their emoluments.

- (b) The five highest paid individuals in the Group for the year include five (2000: one) Directors whose emoluments are already reflected in the analysis presented above.

The emoluments paid to the remaining four individuals in 2000 were as follow:

|  | <b>HK\$'000</b> |
|--|-----------------|
| Salaries and housing allowances                        | <b>2,501</b>    |
| Benefits from exercise of share options of the Company | <b>25,650</b>   |
|  | <b>28,151</b>   |

The emoluments of the individuals fell within the following bands:-

| <b>Emolument bands</b>        | <b>Number</b> |
|-------------------------------|---------------|
| HK\$6,000,000 – HK\$6,500,000 | <b>1</b>      |
| HK\$6,500,001 – HK\$7,000,000 | <b>1</b>      |
| HK\$7,000,001 – HK\$7,500,000 | <b>1</b>      |
| HK\$8,000,001 – HK\$8,500,000 | <b>1</b>      |

## 7 TAXATION CREDIT / (CHARGE)

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

|                              | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|------------------------------|------------------|------------------|
| Company and subsidiaries     |                  |                  |
| Hong Kong profits tax        | (589)            | (12,457)         |
| Overseas tax                 | (2,324)          | (3,268)          |
| Overprovision in prior years | 9,110            | 2,692            |
|                              | <b>6,197</b>     | <b>(13,033)</b>  |
| Jointly controlled entities  |                  |                  |
| Overseas tax                 | –                | (1,517)          |
| Associated companies         |                  |                  |
| Hong Kong profits tax        | (241)            | (396)            |
| Overseas tax                 | –                | (2,373)          |
|                              | <b>5,956</b>     | <b>(17,319)</b>  |

Tax losses available at 31st March 2001 to reduce future taxable profits of the subsidiaries to which they relate amounted to approximately HK\$743,000,000 (2000: HK\$544,000,000). No deferred taxation has been provided as there are no material timing differences which would result in a liability payable or an asset recoverable in the foreseeable future. The surplus on revaluation of investment properties, hotel property in Hong Kong and other properties does not constitute a timing difference for deferred tax purposes as realisation of the revaluation surplus would not result in a tax liability. Realisation of the surplus on revaluation of the Canadian hotel property would give rise to a taxation liability in Canada, which would amount to approximately HK\$4,800,000 as at 31st March 2001 (2000: HK\$8,400,000). No provision has been made in the accounts for this liability as the property is held for the long term and management has no intention to dispose of the property in the foreseeable future.

## 8 LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$789,000 (2000: HK\$24,325,000).

## 9 DIVIDEND

No dividend was declared or proposed for the year (2000: nil).

## 10 LOSS PER SHARE

The calculation of loss per share is based on loss attributable to shareholders of HK\$234,203,000 (2000: HK\$461,213,000) and on the weighted average 7,491,321,498 shares in issue during the year (2000: 5,662,491,492 shares, restated due to the bonus issue in September 2000 of 1 for every 2 shares).

No diluted loss per share is presented as the exercise of subscription rights attached to the share options and the conversion of the convertible notes would not have a dilutive effect on the loss per share.

## 11 FIXED ASSETS

### Group

|   | Investment<br>properties<br>HK\$'000 | Hotel<br>properties<br>HK\$'000 | Other<br>properties<br>HK\$'000 | Properties<br>under<br>development<br>HK\$'000 | Other<br>fixed<br>assets<br>HK\$'000 | Total<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|---------------------------------|--|--------------------------------------|-------------------|
| <b>Cost or valuation</b>                    |                                      |                                 |                                 |  |                                      |                   |
| At 31st March 2000                          | 1,648,335                            | 1,725,550                       | 187,481                         | 894,593  | 65,678                               | 4,521,637         |
| Translation differences                     | –                                    | (27,468)                        | –                               | –  | 8                                    | (27,460)          |
| Reclassification                            | 28,257                               | –                               | (28,257)                        | –  | –                                    | –                 |
| Transfer to properties<br>under development | (180,000)                            | –                               | –                               | –  | –                                    | (180,000)         |
| Additions                                   | 8,028                                | 9,606                           | –                               | 245,095  | 1,009                                | 263,738           |
| Disposals                                   | –                                    | –                               | –                               | –  | (375)                                | (375)             |
| Elimination against<br>cost on revaluation  | –                                    | –                               | (2,136)                         | –  | –                                    | (2,136)           |
| Surplus / (deficit) on<br>revaluation       | 30,087                               | 130,339                         | (5,980)                         | –  | –                                    | 154,446           |
| <b>At 31st March 2001</b>                   | <b>1,534,707</b>                     | <b>1,838,027</b>                | <b>151,108</b>                  | <b>1,139,688</b>                               | <b>66,320</b>                        | <b>4,729,850</b>  |
| <b>Accumulated depreciation</b>             |                                      |                                 |                                 |  |                                      |                   |
| At 31st March 2000                          | –                                    | –                               | 1,186                           | –  | 41,918                               | 43,104            |
| Charge for the year                         | –                                    | –                               | 2,405                           | –  | 7,077                                | 9,482             |
| Disposals                                   | –                                    | –                               | –                               | –  | (360)                                | (360)             |
| Elimination against cost<br>on revaluation  | –                                    | –                               | (2,136)                         | –  | –                                    | (2,136)           |
| <b>At 31st March 2001</b>                   | <b>–</b>                             | <b>–</b>                        | <b>1,455</b>                    | <b>–</b>                                       | <b>48,635</b>                        | <b>50,090</b>     |
| <b>Net book value</b>                       |                                      |                                 |                                 |  |                                      |                   |
| <b>At 31st March 2001</b>                   | <b>1,534,707</b>                     | <b>1,838,027</b>                | <b>149,653</b>                  | <b>1,139,688</b>                               | <b>17,685</b>                        | <b>4,679,760</b>  |
| At 31st March 2000                          | 1,648,335                            | 1,725,550                       | 186,295                         | 894,593  | 23,760                               | 4,478,533         |

- (a) Investment properties comprise long term leasehold land and buildings of HK\$1,534,707,000 (2000: HK\$1,468,335,000) in Hong Kong. They were revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 31st March 2001.

- (b) Hotel properties comprise long term leasehold land and buildings situated in Hong Kong of HK\$1,480,000,000 (2000: HK\$1,350,000,000) and freehold land and buildings situated in Canada of HK\$358,027,000 (2000: HK\$375,550,000). They were revalued by Knight Frank and Grant Thornton Management Consultants, independent professional valuers, on an open market value basis as at 31st March 2001, respectively.
- (c) Included in other properties is a long term leasehold property stated at valuation of HK\$135,292,000 (2000: HK\$171,665,000). The property was revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 31st March 2001. The carrying amount would have been HK\$90,386,000 (2000: HK\$95,635,000) had it been stated at cost less accumulated depreciation. Also included in other properties are long term leasehold land and buildings of HK\$4,685,000 (2000: HK\$4,738,000) and medium term leasehold land and buildings of HK\$9,676,000 (2000: HK\$9,892,000), both of which are stated at cost less accumulated depreciation. All these properties are located in Hong Kong.
- (d) Properties under development comprise long term leasehold land and buildings of HK\$43,907,000 (2000: HK\$44,737,000) and medium term leasehold land and buildings of HK\$1,095,781,000 (2000: HK\$849,856,000) in Hong Kong and are stated at cost.
- (e) The aggregate net book value of fixed assets pledged as securities for loans amounts to HK\$4,662,075,000 (2000: HK\$4,410,036,000).

## 12 SUBSIDIARIES

|                             | <b>2001</b>      | 2000      |
|-----------------------------|------------------|-----------|
|                             | <b>HK\$'000</b>  | HK\$'000  |
| Unlisted shares, at cost    | <b>2,823,639</b> | 2,823,639 |
| Amounts due by subsidiaries | <b>1,558,585</b> | 1,100,867 |
|                             | <b>4,382,224</b> | 3,924,506 |

Details of the principal subsidiaries are set out in note 31.

## 13 JOINTLY CONTROLLED ENTITIES

|  | <b>Group</b>    |          |
|--|-----------------|----------|
|  | <b>2001</b>     | 2000     |
|  | <b>HK\$'000</b> | HK\$'000 |
| Share of net liabilities                               | <b>(79,347)</b> | (47,845) |
| Advances to jointly controlled entities less provision | <b>380,153</b>  | 285,865  |
|  | <b>300,806</b>  | 238,020  |



The shares in certain jointly controlled entities are pledged to secure loan facilities granted to those entities. The advances to jointly controlled entities amounting to HK\$221,534,000 (2000: HK\$258,880,000) are subordinated to the repayment of the loans of those jointly controlled entities.

Advances to jointly controlled entities are mainly made to finance property development projects. The amounts are unsecured, interest free and have no fixed terms of repayment.

Details of the principal jointly controlled entities are set out in note 31.

#### 14 ASSOCIATED COMPANIES

|   | <b>Group</b>    |          |
|---|-----------------|----------|
|   | <b>2001</b>     | 2000     |
|   | <b>HK\$'000</b> | HK\$'000 |
| Share of net assets                             | <b>178,115</b>  | 270,707  |
| Advances to associated companies less provision | <b>532,325</b>  | 531,394  |
| Amounts due to associated companies             | <b>(30,248)</b> | (35,337) |
|   | <b>680,192</b>  | 766,764  |

The shares in certain associated companies are pledged to secure the loan facilities granted to those companies. Advances to associated companies amounting to HK\$366,322,000 (2000: HK\$351,106,000) are subordinated to the repayment of the loans of those companies.

Advances to associated companies are made to finance property development projects. Except for an amount of HK\$3,578,000 (2000: HK\$3,579,000) due from an associated company which is interest bearing at prime rate, the remaining amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment.

Details of the principal associated companies are set out in note 31.

#### 15 PROPERTIES HELD FOR / UNDER DEVELOPMENT FOR SALE AND COMPLETED PROPERTIES HELD FOR SALE

As at 31st March 2001, properties amounting to HK\$1,988,023,000 (2000: HK\$1,418,745,000) were pledged to banks to secure certain banking facilities of the Group.

At 31st March 2001, properties that were carried at net realisable values amounted to HK\$962,819,000 (2000: HK\$728,363,000).

## 16 DEBTORS AND PREPAYMENTS

Debtors and prepayments include trade debtors, utility and other deposits, stakeholders' accounts, interest and other receivable, and a housing loan of HK\$1,292,000 (2000: HK\$1,377,000) granted to a Director, Mr. Kwan Po Lam, Phileas, in March 1995. The loan is secured by a legal mortgage over the subject property, carries interest at 2% below prime rate (2000: prime rate) and the principal is repayable by quarterly instalments of HK\$17,000 each. The maximum outstanding balance during the year was HK\$1,377,000 (2000: HK\$1,428,000).

Trade debtors amounted to HK\$84,336,000 (2000: HK\$16,760,000) of which 97% (2000: 80%) were aged under six months. The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

## 17 OTHER INVESTMENTS

|                     | <b>Group</b>    |          |
|---------------------|-----------------|----------|
|                     | <b>2001</b>     | 2000     |
|                     | <b>HK\$'000</b> | HK\$'000 |
| Shares              |                 |          |
| Listed in Hong Kong | <b>68,966</b>   | 56,744   |
| Listed overseas     | <b>32,515</b>   | 1,140    |
| Unlisted            | <b>18,567</b>   | –        |
|                     | <b>120,048</b>  | 57,884   |
| Debt securities     | <b>156,998</b>  | –        |
|                     | <b>277,046</b>  | 57,884   |

During the year, the Directors decided it was in the Group's best interest to discontinue holding certain investments for the long term. Accordingly, these investments, which were previously classified as investment securities, were transferred to other investments during the year.

## 18 BANK BALANCES AND CASH

The balance includes restricted bank balances of HK\$49,718,000 (2000: HK\$51,082,000) which are pledged to banks to secure certain short term banking facilities of the Group.

## 19 CREDITORS AND ACCRUALS

Creditors and accruals include trade creditors, rental and management fee deposits, interest and other payables, retentions payable of construction costs and various accruals. Trade creditors amounted to HK\$13,294,000 (2000: HK\$17,780,000) of which 98% (2000: 86%) were aged under six months.

|                                     | <b>Authorised<br/>Shares of HK\$0.005 each</b> |                 |
|-------------------------------------|--|-----------------|
|                                     | <b>Number of shares</b>                        | <b>HK\$'000</b> |
| At 31st March 1999 and 2000         | 10,000,000,000                                 | 50,000          |
| Increase during the year (note (a)) | 5,000,000,000                                  | 25,000          |
| At 31st March 2001                  | 15,000,000,000                                 | 75,000          |

|                              | <b>Issued and fully paid<br/>Shares of HK\$0.005 each</b> |                 |
|------------------------------|---|-----------------|
|                              | <b>Number of shares</b>                                   | <b>HK\$'000</b> |
| At 31st March 1999           | 3,407,551,736   | 17,038          |
| Issue of new shares          | 1,586,662,596   | 7,933           |
| At 31st March 2000           | 4,994,214,332   | 24,971          |
| Bonus Share issue (note (b)) | 2,497,107,166   | 12,486          |
| At 31st March 2001           | 7,491,321,498   | 37,457          |

Pursuant to a Special General Meeting held on 26th September 2000, the following resolutions were passed:

- (a) The authorised share capital of the Company was increased from HK\$50,000,000 to HK\$75,000,000 by the creation of 5,000,000,000 shares of HK\$0.005 each.
- (b) A bonus issue of one bonus share, credited as fully paid, for every two shares was made by way of capitalisation from the share premium account of the Company. These bonus shares rank *pari passu* in all respects with the existing shares.

At 31st March 2001, the Company had outstanding options granted to certain Directors and employees of the Group to subscribe for 262,500,000 shares of the Company at HK\$0.3466 per share. The share options granted are exercisable at any time on or before 13th February 2010.

#### **Subsidiaries**

##### *Asia Standard*

Pursuant to a Special General Meeting of Asia Standard held on 26th September 2000, the following resolutions were passed:

- (i) The authorised share capital of Asia Standard was increased from HK\$2,000,000,000 to HK\$4,000,000,000 by the creation of 5,000,000,000 shares of HK\$0.4 each.

- (ii) A bonus issue of two bonus shares (“Bonus Shares”), credited as fully paid, for every three shares was made by way of capitalisation from Asia Standard’s share premium account. The Bonus Shares rank pari passu in all respects with the existing shares, save for the entitlement of the scrip dividend in respect of the final dividend for the financial year ended 31st March 2000 (“Final Dividend”).
- (iii) A bonus warrants issue (“Bonus Warrants Issue”) was approved on the same date. Under the Bonus Warrants Issue, warrants were issued in the proportion of one warrant for every five shares (including the Bonus Shares). The warrants entitle the holders to subscribe for fully paid shares at an initial subscription price of HK\$0.32 per share, subject to adjustment, from the date of issue of the warrants on 27th September 2000 to 30th September 2001 (both dates inclusive). A total of 818,038,436 warrants were issued of which 84,528 warrants were exercised during the year.
- (iv) On 18th August 2000, the directors of Asia Standard recommended the payment of the Final Dividend, of HK0.5 cent per share for the year ended 31st March 2000, subject to approval at the Annual General Meeting on 26th September 2000. Shareholders (other than the overseas shareholders who will receive their dividends wholly in cash) may exercise their option to receive part or all of the Final Dividend in the form of scrip shares of HK\$0.40 each in lieu of the cash dividend. A total of 21,892,130 shares were issued in lieu of the cash dividend. The scrip shares rank pari passu in all respects with the existing shares, save that they will not rank for the Final Dividend and the Asia Standard bonus issue set out in note (ii) above.

Pursuant to a resolution passed at a Special General Meeting of Asia Standard on 21st November 2000, the nominal value of issued and unissued shares of Asia Standard was reduced from HK\$0.40 each to HK\$0.01 each. In addition, the issued share capital of Asia Standard was reduced by cancellation of HK\$0.39 paid up capital on each issued share, by transferring the credit arising from the reduction in issued share capital to the contributed surplus account of Asia Standard.

At 31st March 2001, Asia Standard had outstanding options granted under an Executive Share Option Scheme to a director of Asia Standard to subscribe for 1,750,000 shares of Asia Standard at HK\$0.384 per share. The options are exercisable at any time on or before 27th March 2005.

#### *Asia Standard Hotel*

- (i) Pursuant to a resolution passed at a Special General Meeting of Asia Standard Hotel on 19th July 2000, the authorised share capital of Asia Standard Hotel was increased by HK\$499,900,000 through the creation of 4,999,000,000 shares of HK\$0.1 each.

On the same date, 699,000,000 shares of HK\$0.1 each were issued and allotted to Asia Standard International Limited, a wholly-owned subsidiary of Asia Standard, by means of capitalisation of all amounts owing by Asia Standard Hotel to its fellow subsidiaries pursuant to a group reorganisation. In addition, 300,000,000 shares of HK\$0.1 each were issued and allotted to certain independent investors and the Company by way of a share placement at HK\$1.2 per share.

- (ii) Pursuant to a resolution passed at a Special General Meeting of Asia Standard Hotel on 26th September 2000, Asia Standard Hotel's issued and unissued shares of HK\$0.1 each were subdivided into five shares of HK\$0.02 each ("Subdivided Shares"). The Subdivided Shares rank *pari passu* in all respects with the shares in issue prior to the share subdivision.
- (iii) Pursuant to a special resolution which was passed at the Special General Meeting of Asia Standard Hotel on 26th September 2000, a bonus issue of warrants was made on the basis of one warrant for every five Subdivided Shares held by shareholders (other than overseas shareholders) of Asia Standard Hotel whose names appeared on the register of members on 26th September 2000. Each warrant entitles its holder to subscribe for fully paid Subdivided Shares of Asia Standard Hotel at an initial subscription price of HK\$0.24 per Subdivided Share, subject to adjustment, from the date of issue of the warrants from 27th September 2000 to 8th October 2001 (both dates inclusive). During the year, a total of 5,648 shares were issued upon the exercise of these warrants and at 31st March 2001, there were 999,994,352 warrants unexercised.
- (iv) On 15th December 2000, the directors of Asia Standard Hotel declared an interim dividend with a scrip dividend option. A total of 52,206,785 shares were issued as scrip dividend in lieu of cash on 1st March 2001.

**21 RESERVES**

|   | Revaluation reserves |                 |                       |                  |                  |                     |                 |                  |
|---|----------------------|-----------------|-----------------------|------------------|------------------|---------------------|-----------------|------------------|
|   | Share premium        | Capital reserve | Investment properties | Hotel properties | Other properties | Contributed surplus | Revenue reserve | Total            |
|   | HKS'000              | HKS'000         | HKS'000               | HKS'000          | HKS'000          | HKS'000             | HKS'000         | HKS'000          |
| <b>Group</b>  |                      |                 |                       |                  |                  |                     |                 |                  |
| At 31st March 1999  | 210,871              | 743,995         | 156,463               | 198,001          | 65,958           | 980,201             | 706,427         | 3,061,916        |
| Translation differences   | -                    | -               | -                     | 780              | -                | -                   | 3,266           | 4,046            |
| Issue of new shares,<br>net of share issue expense                        | 1,193,068            | -               | -                     | -                | -                | -                   | -               | 1,193,068        |
| Deficit on revaluation  |                      |                 |                       |                  |                  |                     |                 |                  |
| Company and subsidiaries  | -                    | -               | (32,393)              | (61,881)         | (6,762)          | -                   | -               | (101,036)        |
| Associated companies  | -                    | -               | (6,957)               | -                | -                | -                   | -               | (6,957)          |
| Release of reserves upon deemed<br>disposal / dilution of subsidiary      |                      |                 |                       |                  |                  |                     |                 |                  |
| Company and subsidiaries  | -                    | (198,679)       | (38,721)              | (52,649)         | (17,538)         | -                   | -               | (307,587)        |
| Associated company  | -                    | -               | (2,882)               | -                | -                | -                   | -               | (2,882)          |
| Premium on acquisition<br>of jointly controlled entities                  | -                    | (281,150)       | -                     | -                | -                | -                   | -               | (281,150)        |
| Reserve on consolidation  | -                    | 3,197           | -                     | -                | -                | -                   | -               | 3,197            |
| Loss for the year retained  | -                    | -               | -                     | -                | -                | -                   | (461,213)       | (461,213)        |
| <b>At 31st March 2000</b>   | <b>1,403,939</b>     | <b>267,363</b>  | <b>75,510</b>         | <b>84,251</b>    | <b>41,658</b>    | <b>980,201</b>      | <b>248,480</b>  | <b>3,101,402</b> |
| Company and subsidiaries  | 1,403,939            | 267,363         | 74,471                | 84,251           | 41,658           | 980,201             | 338,802         | 3,190,685        |
| Jointly controlled entities   | -                    | -               | -                     | -                | -                | -                   | (47,656)        | (47,656)         |
| Associated companies  | -                    | -               | 1,039                 | -                | -                | -                   | (42,666)        | (41,627)         |
|   | <b>1,403,939</b>     | <b>267,363</b>  | <b>75,510</b>         | <b>84,251</b>    | <b>41,658</b>    | <b>980,201</b>      | <b>248,480</b>  | <b>3,101,402</b> |
| <b>At 31st March 2000</b>   | <b>1,403,939</b>     | <b>267,363</b>  | <b>75,510</b>         | <b>84,251</b>    | <b>41,658</b>    | <b>980,201</b>      | <b>248,480</b>  | <b>3,101,402</b> |
| Translation differences   | -                    | -               | -                     | (945)            | -                | -                   | (4,983)         | (5,928)          |
| Issue of bonus shares   | (12,591)             | -               | -                     | -                | -                | -                   | -               | (12,591)         |
| Reclassification  | -                    | -               | 15,093                | -                | (15,093)         | -                   | -               | -                |
| Surplus / (deficit) on revaluation  |                      |                 |                       |                  |                  |                     |                 |                  |
| Company and subsidiaries  | -                    | -               | 16,069                | 47,630           | (3,193)          | -                   | -               | 60,506           |
| Associated companies  | -                    | -               | (5,288)               | -                | -                | -                   | -               | (5,288)          |
| Release of reserves upon<br>disposal / deemed disposal of<br>subsidiaries |                      |                 |                       |                  |                  |                     |                 |                  |
| Company and subsidiaries  | -                    | (24,875)        | (608)                 | (20,912)         | (340)            | -                   | 556             | (46,179)         |
| Associated companies  | -                    | -               | (9)                   | -                | -                | -                   | -               | (9)              |
| Loss for the year retained  | -                    | -               | -                     | -                | -                | -                   | (234,203)       | (234,203)        |
| <b>At 31st March 2001</b>   | <b>1,391,348</b>     | <b>242,488</b>  | <b>100,767</b>        | <b>110,024</b>   | <b>23,032</b>    | <b>980,201</b>      | <b>9,850</b>    | <b>2,857,710</b> |
| Company and subsidiaries  | 1,391,348            | 242,488         | 84,289                | 110,024          | 23,032           | 980,201             | 173,356         | 3,004,738        |
| Jointly controlled entities   | -                    | -               | -                     | -                | -                | -                   | (76,676)        | (76,676)         |
| Associated companies  | -                    | -               | 16,478                | -                | -                | -                   | (86,830)        | (70,352)         |
|   | <b>1,391,348</b>     | <b>242,488</b>  | <b>100,767</b>        | <b>110,024</b>   | <b>23,032</b>    | <b>980,201</b>      | <b>9,850</b>    | <b>2,857,710</b> |

The investment properties revaluation reserve includes an amount of HK\$26,706,000 which relates to an investment property which was transferred to property under development for sale during the year.

|  | Share<br>premium<br>HK\$'000 | Contributed<br>surplus<br>HK\$'000 | Revenue<br>reserve<br>HK\$'000 | Total<br>HK\$'000 |
|--|------------------------------|------------------------------------|--------------------------------|-------------------|
| <b>Company</b>                                     |                              |                                    |                                |                   |
| At 31st March 1999                                 | 210,871                      | 2,815,750                          | 103,252                        | 3,129,873         |
| Issue of new shares, net of<br>share issue expense | 1,193,068                    | –                                  | –                              | 1,193,068         |
| Loss for the year retained                         | –                            | –                                  | (24,325)                       | (24,325)          |
| At 31st March 2000                                 | 1,403,939                    | 2,815,750                          | 78,927                         | 4,298,616         |
| Issue of bonus shares                              | (12,591)                     | –                                  | –                              | (12,591)          |
| Loss for the year retained                         | –                            | –                                  | (789)                          | (789)             |
| <b>At 31st March 2001</b>                          | <b>1,391,348</b>             | <b>2,815,750</b>                   | <b>78,138</b>                  | <b>4,285,236</b>  |

The revenue reserve is distributable. Under the Companies Act of Bermuda and the Bye-Laws of the Company, the contributed surplus is also distributable. Accordingly, total distributable reserves of the Company amount to HK\$2,893,888,000 (2000: HK\$2,894,677,000) as at 31st March 2001.

## 22 CONVERTIBLE BONDS

In 1996, Asia Standard International Capital Limited (“ASICL”), a subsidiary of Asia Standard, issued US\$40,000,000 convertible bonds which bear interest at 7% per annum payable annually in arrears. The bonds are guaranteed by Asia Standard and listed on the Luxembourg Stock Exchange. The total amount of convertible bonds outstanding as at 31st March 2001 and 31st March 2000 was HK\$251,290,000 (or US\$32,500,000).

Each holder of the bonds has the option to convert the bonds into fully paid shares of HK\$0.01 (2000: HK\$0.40) each of Asia Standard at a conversion price of HK\$1.08 (2000: HK\$1.81) per share, subject to adjustment, at any time between 29th January 1997 and 15th November 2001.

ASICL may redeem all or part of the bonds at any time on or after 29th November 1999, subject to certain conditions, together with accrued interest. Unless previously converted or redeemed, the bonds will be redeemed on 29th November 2001 by ASICL at a redemption price equal to 108.02% of their principal amount together with accrued interest.

## 23 EXCHANGEABLE BONDS

On 14th September 1999, New Day Holdings Ltd., a subsidiary of the Group, issued US\$10,000,000 exchangeable bonds which bear interest at 4% per annum payable semi-annually in arrears. The bonds are guaranteed by the Company.

Each holder of the bonds has the option to exchange for fully paid shares of HK\$0.01 each of Asia Standard at exchange price stipulated by the bonds. During the year, US\$1,050,000 bonds were exchanged into 31,923,000 shares of Asia Standard and the balance of US\$8,950,000 were fully redeemed by cash.

## 24 CONVERTIBLE NOTES

On 16th January 2001, the Company issued HK\$60,000,000 convertible notes which bear interest at 5% per annum payable annually in arrears. Each holder of the notes has the options to convert the notes into fully paid shares of HK\$0.005 each of the Company at (i) HK\$0.088 per share on or before 16th January 2002 and (ii) HK\$0.090 after 16th January 2002, subject to adjustment, at any time between 16th January 2001 and 16th January 2003.

The Company shall repay the outstanding principal amount of the convertible notes together with accrued interest on 16th January 2003. Save for repayment upon maturity, the convertible notes cannot be redeemed.

## 25 LONG TERM LOANS

|   | <b>Group</b>     |           |
|---|------------------|-----------|
|   | <b>2001</b>      | 2000      |
|   | <b>HK\$'000</b>  | HK\$'000  |
| Bank loans, secured                             |                  |           |
| Repayable within one year                       | <b>289,024</b>   | 314,900   |
| Repayable between one and two years             | <b>314,268</b>   | 548,037   |
| Repayable between two and five years            | <b>819,556</b>   | 1,301,854 |
| Repayable after five years                      | <b>1,308,229</b> | 642,178   |
|   | <b>2,731,077</b> | 2,806,969 |
| Current portion included in current liabilities | <b>(289,024)</b> | (314,900) |
|   | <b>2,442,053</b> | 2,492,069 |

Subsequent to the year end, the Group refinanced bank loans outstanding at 31st March 2001, amounting to approximately HK\$96 million (2000: HK\$770 million). The repayment term at 31st March 2001 in respect of these bank loans have been reclassified according to the new loan agreements. As a result, the amount of liability which has been excluded from current liabilities amounts to approximately HK\$77 million (2000: HK\$255 million).



## 26 MINORITY INTERESTS AND LOANS

|   | <b>Group</b>     |           |
|---|------------------|-----------|
|   | <b>2001</b>      | 2000      |
|   | <b>HK\$'000</b>  | HK\$'000  |
| Minority interests  | <b>3,116,841</b> | 2,724,687 |
| Loans from minority shareholders of subsidiaries, unsecured | <b>125,324</b>   | 117,749   |
|   | <b>3,242,165</b> | 2,842,436 |

Loans from minority shareholders are to fund property projects of subsidiaries and have no specific repayment terms. Loans of HK\$22,420,000 (2000: HK\$20,371,000) bear interest at 9.3% per annum (2000: 9.3% per annum) and loans of HK\$76,758,000 (2000: HK\$71,673,000) bear interest at 1.5% (2000: 1.5%) above prime rate and the balance is interest free.

## 27 COMMITMENTS

### (a) Capital commitments

|                                   | <b>Group</b>    |          | <b>Company</b>  |          |
|-----------------------------------|-----------------|----------|-----------------|----------|
|                                   | <b>2001</b>     | 2000     | <b>2001</b>     | 2000     |
|                                   | <b>HK\$'000</b> | HK\$'000 | <b>HK\$'000</b> | HK\$'000 |
| In respect of fixed assets:       |                 |          |                 |          |
| Contracted but not provided for   | <b>58,028</b>   | 192,588  | –               | –        |
| Authorised but not contracted for | –               | 2,259    | –               | –        |
|                                   | <b>58,028</b>   | 194,847  | –               | –        |

### (b) Lease commitments

At 31st March 2001, the Group had commitments to make payments in the next twelve months under operating leases which expire as follows:

|                                       | <b>Group</b>    |          | <b>Company</b>  |          |
|---------------------------------------|-----------------|----------|-----------------|----------|
|                                       | <b>2001</b>     | 2000     | <b>2001</b>     | 2000     |
|                                       | <b>HK\$'000</b> | HK\$'000 | <b>HK\$'000</b> | HK\$'000 |
| In respect of land and buildings:     |                 |          |                 |          |
| Within one year                       | <b>886</b>      | 450      | –               | –        |
| In the second to fifth year inclusive | <b>1,748</b>    | 6,508    | –               | –        |
| After the fifth year                  | <b>1,596</b>    | 1,765    | –               | –        |
|                                       | <b>4,230</b>    | 8,723    | –               | –        |

(c) **Other commitments**

Certain subsidiaries of the Group had issued performance guarantees to certain banks for the granting of mortgage facilities to certain purchasers of the Group's development properties in Panyu, the PRC. Pursuant to the terms of these performance guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by these defaulted purchasers to these banks and the Group is entitled to take over legal title and possession of the related properties. As at 31st March 2001, the amount of the potential commitment attributable to the Group was HK\$14,624,000 (2000: HK\$9,283,000).

**28 CONTINGENT LIABILITIES**

(a) **Guarantees**

|   | <b>Group</b>    |                 | <b>Company</b>  |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | <b>2001</b>     | <b>2000</b>     | <b>2001</b>     | <b>2000</b>     |
|   | <b>HK\$'000</b> | <b>HK\$'000</b> | <b>HK\$'000</b> | <b>HK\$'000</b> |
| Guarantees for the banking and loan facilities of:                    |                 |                 |                 |                 |
| Associated companies  | <b>218,558</b>  | 225,702         | —               | —               |
| Jointly controlled entities   | <b>152,610</b>  | 195,000         | —               | —               |
| Third parties   | <b>29,381</b>   | 5,531           | —               | —               |
| Guarantee for the exchangeable bonds issued by a subsidiary (note 23) | —               | —               | —               | 78,000          |
|   | <b>400,549</b>  | 426,233         | —               | 78,000          |

- (b) A subsidiary has received claims from certain purchasers for delay of completion of a property development project. The subject property has already been completed and majority of the purchasers have taken possession of the flats. Management is seeking legal advice to vigorously contest the proceedings. At this stage, it is difficult to estimate the likelihood of an unfavourable financial impact from the outcome. However, the Directors consider that the outcome would not have any material adverse impact to the Group.

**29 SUBSEQUENT EVENT**

Following a group reorganisation completed in May 2001, Q9 Technology Holdings Limited ("Q9") became the holding company of certain jointly controlled entities of the Group. Q9 was successfully listed on the Stock Exchange in May 2001. Following the listing, the Group continues to hold 32% interest in this listed entity, giving rise to a gain on deemed disposal of approximately HK\$31 million.

30 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before taxation to net cash inflow from operating activities

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| Loss before taxation  | (409,137)        | (576,271)        |
| Share of profits less losses of   |                  |                  |
| Jointly controlled entities   | 31,502           | 22,865           |
| Associated companies  | 81,601           | 44,857           |
| Depreciation  | 9,482            | 10,857           |
| Loss on disposal of fixed assets  | 7                | 7,630            |
| Net realised and unrealised losses / (gains) on other investments                                     | 52,727           | (22,204)         |
| Provision for diminution in value of properties under development / held for sale                     | 65,419           | 155,797          |
| Written back of provision for diminution in value of properties held for sale                         | (62,000)         | –                |
| Decrease / (increase) in mortgage loans receivable  | 9,061            | (24,810)         |
| Decrease in properties held for / under development for sale (excluding interest expense capitalised) | 132,436          | 506,171          |
| Decrease in hotel and restaurant inventories  | 715              | 2,528            |
| Decrease / (increase) in deposits paid for properties   | 65,175           | (48,885)         |
| (Increase) / decrease in debtors and prepayments  | (22,046)         | 59,871           |
| (Decrease) / increase in creditors and accruals   | (11,903)         | 5,986            |
| Decrease in deposit on sale of properties   | (77,428)         | (70,598)         |
| Loss on deemed disposal in hotel and management services businesses                                   | 124,662          | –                |
| Loss on disposal / dilution of interests in Asia Standard   | 19,343           | 307,377          |
| Dividends from listed investments   | (5)              | (1,827)          |
| Interest income   | (75,558)         | (46,739)         |
| Interest expense  | 128,610          | 156,995          |
| Net cash inflow from operating activities   | <b>62,663</b>    | <b>489,600</b>   |

(b) Acquisition of subsidiaries

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Net assets acquired :                          |                  |                  |
| Other investments                              | 6,850            | –                |
| Property held for / under development for sale | –                | 24,189           |
| Satisfied by cash                              | <b>6,850</b>     | <b>24,189</b>    |

The subsidiaries acquired during the year did not contribute to the Group's operating cash flows (2000: nil) and did not utilise any sum for investing activities (2000: nil).

**(c) Analysis of changes in financing during the year**

|   | Share<br>capital<br>(including<br>premium)<br>HK\$'000 | Long<br>term<br>loans<br>HK\$'000 | Short<br>term<br>bank<br>loans<br>HK\$'000 | Exchange-<br>able<br>bonds<br>HK\$'000 | Convertible<br>notes<br>HK\$'000 | Minority<br>interests<br>and<br>loans<br>HK\$'000 | Restricted<br>bank<br>balances<br>HK\$'000 | Total<br>HK\$'000 |
|---|--|-----------------------------------|--|--|----------------------------------|---|--|-------------------|
| At 31st March 1999  | 227,909  | 3,110,146                         | 974,318                                    | -                                      | -                                | 1,907,600   | (53,040)                                   | 6,166,933         |
| Minority interests' share<br>of revaluation reserve                       | -  | -                                 | -  | -                                      | -                                | (91,113)  | -  | (91,113)          |
| Minority interests' share<br>of profit and<br>exchange reserve            | -  | -                                 | -  | -                                      | -                                | (130,502)   | -  | (130,502)         |
| Dividends paid and payable<br>to minority shareholders<br>of subsidiaries | -  | -                                 | -  | -                                      | -                                | (16,911)  | -  | (16,911)          |
| Issue of new shares for<br>non-cash consideration                         | 256,778  | -                                 | -  | -                                      | -                                | -   | -  | 256,778           |
| Net decrease in interest in<br>a subsidiary                               | -  | -                                 | -  | -                                      | -                                | 771,802   | -  | 771,802           |
| Conversion of<br>convertible note   | 200,000  | -                                 | -  | -                                      | (200,000)                        | -   | -  | -                 |
| Changes in exchange rates   | -  | 10,416                            | -  | -                                      | -                                | -   | -  | 10,416            |
| Net cash inflows / (outflows)<br>from financing                           | 744,223  | (313,593)                         | (964,318)                                  | 78,000                                 | 200,000                          | 401,560   | 1,958                                      | 147,830           |
| At 31st March 2000  | 1,428,910  | 2,806,969                         | 10,000                                     | 78,000                                 | -                                | 2,842,436   | (51,082)                                   | 7,115,233         |
| Minority interests' share<br>of revaluation reserve                       | -  | -                                 | -  | -                                      | -                                | 88,514  | -  | 88,514            |
| Minority interests' share<br>of profit and exchange reserve               | -  | -                                 | -  | -                                      | -                                | (173,427)   | -  | (173,427)         |
| Dividends paid and payable<br>to minority shareholders<br>of subsidiaries | -  | -                                 | -  | -                                      | -                                | (4,455)   | -  | (4,455)           |
| Net decrease in interests in<br>subsidiaries                              | -  | -                                 | -  | -                                      | -                                | 199,152   | -  | 199,152           |
| Conversion of exchangeable bonds  | -  | -                                 | -  | (7,174)                                | -                                | -   | -  | (7,174)           |
| Changes in exchange rates   | -  | (15,697)                          | -  | -                                      | -                                | -   | -  | (15,697)          |
| Net cash inflows / (outflows)<br>from financing                           | (105)  | (60,195)                          | 120,000                                    | (70,826)                               | 60,000                           | 289,945   | 1,364                                      | 340,183           |
| <b>At 31st March 2001</b>   | <b>1,428,805</b>                                       | <b>2,731,077</b>                  | <b>130,000</b>                             | <b>-</b>                               | <b>60,000</b>                    | <b>3,242,165</b>                                  | <b>(49,718)</b>                            | <b>7,542,329</b>  |

### 31 PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Listed below are the principal subsidiaries, associated companies and jointly controlled entities which, in the opinion of the Directors, principally affect the results and/or net assets of the Group.

#### Subsidiaries

(Unless indicated otherwise, the subsidiaries, associated companies and jointly controlled entities are indirectly held by the Group and have their principal place of operations in Hong Kong)

| Name  | Issued and fully paid ordinary share capital except otherwise stated | Principal activity    | Percentage of equity held by the Group % |
|---|--|-----------------------|--|
| <i>Incorporated in Bermuda</i>                    |  |                       |  |
| Asia Standard International Group Limited         | HK\$41,121,688   | Investment holding    | 53.4                                     |
| Asia Standard Hotel Group limited                 | HK\$101,044,248  | Investment holding    | 40.6                                     |
| <i>Incorporated in the British Virgin Islands</i> |  |                       |  |
| Asia Orient Holdings (BVI) Limited *              | US\$100  | Investment holding    | 100                                      |
| Bondax Holdings Limited                           | US\$1  | Investment holding    | 53.4                                     |
| Enrich Enterprises Limited ##                     | US\$1  | Hotel holding         | 40.6                                     |
| Finnex Limited                                    | US\$1  | Securities investment | 100                                      |
| Global Gateway Corp. ##                           | US\$1  | Hotel operation       | 40.6                                     |
| Glory Venture Enterprises Inc. ##                 | US\$1  | Hotel holding         | 40.6                                     |
| Greatime Limited                                  | US\$1  | Securities investment | 40.6                                     |
| Impetus Holdings Limited                          | US\$1  | Investment holding    | 100                                      |
| Jetcom Capital Limited                            | US\$1  | Investment holding    | 100                                      |
| Master Venture Limited                            | US\$1  | Property development  | 53.4                                     |
| Mega Fusion Limited                               | US\$1  | Investment holding    | 100                                      |
| New Day Holdings Ltd.                             | US\$1  | Financing services    | 100                                      |

|  |   |                             |      |
|--|---|-----------------------------|------|
| Persian Limited  | US\$49,050  | Investment holding          | 100  |
| Sunrich Holdings Limited                                 | US\$1   | Securities investment       | 100  |
| United Resources Associates Limited                      | US\$6   | Investment holding          | 83.3 |
| <i>Incorporated in the Cayman Islands</i>                |   |                             |      |
| Asia Standard International Capital Limited              | US\$2   | Financing services          | 53.4 |
| <i>Incorporated in Hong Kong</i>                         |   |                             |      |
| Asia Orient Company Limited                              | US\$26,964,837  | Investment holding          | 100  |
| Asia Orient (China) Company Limited                      | HK\$2   | Real estate agency          | 100  |
| Hitako Limited   | HK\$20  | Investment holding          | 100  |
| Ocean Hand Investments Limited                           | HK\$2   | Investment holding          | 100  |
| Pan Bright Investment Limited                            | HK\$20  | Investment holding          | 100  |
| Pan Harbour Investment Limited                           | HK\$2   | Investment holding          | 100  |
| Pan Inn Investment Limited                               | HK\$20  | Investment holding          | 100  |
| Pan Kite Investment Limited                              | HK\$20  | Investment holding          | 100  |
| Pan Pearl Investment Limited                             | HK\$20  | Investment holding          | 100  |
| Pan Spring Investment Limited                            | HK\$20  | Investment holding          | 100  |
| Union Home Development Limited                           | HK\$2   | Investment holding          | 100  |
| Asia Standard (Beijing) Company Limited                  | HK\$2   | Investment holding          | 53.4 |
| Asia Standard Development (Holdings) Limited             | HK\$10 and non-voting deferred share capital of HK\$362,892,949 | Investment holding          | 53.4 |
| Asia Standard Development (Real Estate Agencies) Limited | HK\$2   | Real estate agency services | 53.4 |
| Asia Standard Finance Company Limited                    | HK\$1,000,000   | Financing services          | 53.4 |
| Asia Standard International Limited                      | HK\$1,214,916,441   | Investment holding          | 53.4 |

|  |   |                                      |      |
|--|---|--------------------------------------|------|
| Asia Standard Management Services Limited        | HK\$2   | Management services                  | 53.4 |
| Asia Standard Project Management Company Limited | HK\$2   | Project management                   | 53.4 |
| Barinet Company Limited                          | HK\$1,000   | Property development                 | 53.4 |
| Blessea Development Limited                      | HK\$2   | Property development                 | 42.7 |
| Centop Investment Limited                        | HK\$100   | Property development                 | 42.7 |
| Cheer Selection Limited                          | HK\$2   | Securities investment                | 53.4 |
| Crystal Rich Limited                             | HK\$2   | Property development                 | 53.4 |
| Excellence Ocean Limited                         | HK\$2   | Property development                 | 42.7 |
| Free Ocean Investments Limited                   | HK\$2   | Property development                 | 53.4 |
| Full Union Development Limited                   | HK\$2   | Property development                 | 53.4 |
| Get Rich Enterprises Limited                     | HK\$2   | Property development                 | 42.7 |
| Glory Ocean Limited                              | HK\$2   | Property development                 | 53.4 |
| Good Year Engineering Service Limited            | HK\$2   | Engineering and maintenance services | 40.6 |
| Grace Profit Enterprises Limited                 | HK\$2   | Restaurant operation                 | 53.4 |
| Hoi Chak Properties Limited                      | HK\$10 and non-voting deferred share capital of HK\$2 | Property investment                  | 53.4 |
| Honest Engineering Limited                       | HK\$100   | Construction                         | 42.7 |
| Hugetop Holdings Limited                         | HK\$2   | Property development                 | 53.4 |
| Kelpoint Limited                                 | HK\$2   | Property development                 | 53.4 |
| Mark Honour Limited                              | HK\$10  | Property development                 | 48.1 |
| Master Asia Enterprises Limited                  | HK\$10,000  | Property development                 | 53.4 |
| Mega Royal Limited                               | HK\$2   | Property development                 | 53.4 |

|   |  |                      |      |
|---|--|----------------------|------|
| Morning Gay Investments Limited           | HK\$100  | Property development | 53.4 |
| Oceanlion Investments Limited             | HK\$2  | Property development | 42.7 |
| Oriental Land Investment Limited          | HK\$2  | Property development | 42.7 |
| Ocean Victory Investment Limited          | HK\$2  | Property trading     | 53.4 |
| Oceanic Union Limited                     | HK\$2  | Property development | 42.7 |
| Paramount Shine Limited                   | HK\$2  | Property development | 53.4 |
| Perfect Wave Limited                      | HK\$2  | Restaurant operation | 53.4 |
| Prosperity Land Cleaning Service Limited  | HK\$100 and<br>non-voting<br>deferred share<br>capital of HK\$100          | Cleaning services    | 40.6 |
| Prosperity Land Estate Management Limited | HK\$150 and<br>non-voting<br>deferred share<br>capital of<br>HK\$1,500,000 | Property management  | 40.6 |
| Rich Kinghood Limited                     | HK\$2  | Property development | 53.4 |
| Solar Land Development Limited            | HK\$3  | Investment holding   | 35.6 |
| Stone Pole Limited                        | HK\$10   | Hotel holding        | 40.6 |
| Tilpifa Company Limited                   | HK\$10 and<br>non-voting<br>deferred share<br>capital of<br>HK\$10,000     | Property investment  | 53.4 |
| Tonlok Limited                            | HK\$1,000  | Property development | 53.4 |
| Trade Hope Limited                        | HK\$2  | Property development | 53.4 |
| Union Rich Resources Limited              | HK\$2  | Property development | 42.7 |
| Vinstar Development Limited               | HK\$2  | Property development | 40.6 |
| Waliway Limited                           | HK\$100  | Property holding     | 53.4 |
| Way Link Holdings Limited                 | HK\$2  | Property trading     | 48.1 |



|   |                                      |                        |      |
|---|--------------------------------------|------------------------|------|
| Win Step Architects Limited                                     | HK\$2                                | Architectural services | 53.4 |
| Winfast Engineering Limited                                     | HK\$2                                | Construction           | 53.4 |
| Wonder Pacific Limited  | HK\$2                                | Property development   | 42.7 |
| Yetshing Properties Limited                                     | HK\$20,000                           | Property development   | 53.4 |
| <b><i>Incorporated in Liberia</i></b>                           |                                      |                        |      |
| Bassindale Limited  | US\$500                              | Investment holding     | 100  |
| <b><i>Incorporated in the PRC</i></b>                           |                                      |                        |      |
| Panyu Riviera Housing & Estate<br>Development Company Limited # | Paid up capital of<br>RMB105,811,473 | Property development   | 21.4 |

- \* Direct subsidiary of the Company  
# Equity joint venture operates in the PRC  
## Operates in Canada

#### **Associated companies**

(Unless indicated otherwise, they are all incorporated and operated in Hong Kong)

| <b>Name</b>  | <b>Principal activity</b> | <b>Group equity interest %</b> |
|--|---------------------------|--------------------------------|
| Allwin Assets Limited<br>(incorporated in the British Virgin Islands)    | Investment holding        | 10.7                           |
| Bai Hui Group Company Limited  | Investment management     | 18.7                           |
| Excel Billion Holdings Limited   | Property development      | 26.7                           |
| Gallop Worldwide Limited<br>(incorporated in the British Virgin Islands) | Investment holding        | 26.7                           |
| Home Kent Enterprise Limited   | Property development      | 26.7                           |
| Ocean Strong Industrial Limited  | Property development      | 26.7                           |
| Perfect Pearl Company Limited  | Property investment       | 17.6                           |
| Sheen Finance Limited  | Financing services        | 26.7                           |
| Super Location Limited   | Property development      | 26.7                           |

**Jointly controlled entities**

(Unless indicated otherwise, they are all incorporated and operated in Hong Kong)

| Name  | Principal activity  | Group equity interest % |
|---|---|-------------------------|
| Auburntown Limited  | Property development  | 16.0                    |
| Bai Hui Real Estate Company Limited   | Investment holding  | 12.6                    |
| Capital Pacific Development Limited   | Investment holding  | 26.7                    |
| China Infonet (Holdings) Limited<br>(incorporated in the Cayman Islands)      | Investment holding  | 40.0                    |
| China INFOBANK Limited  | Internet content provider                                       | 40.0                    |
| Express Wind Limited  | Investment holding  | 25.0                    |
| Goldmax International Limited<br>(incorporated in the British Virgin Islands) | Investment holding  | 26.8                    |
| Keishin Limited<br>(incorporated in the British Virgin Islands)               | Investment holding  | 17.8                    |
| Ocean Champion Development Limited  | Property development  | 26.7                    |
| Qcode Information Technology Limited  | Design, research, development<br>and sales of computer software | 40.0                    |
| Q9 Technology Holdings Limited<br>(incorporated in the Cayman Islands)        | Investment holding  | 40.0                    |
| Sheenity Enterprises Limited  | Property development  | 26.7                    |
| Cultural Palace Entertainment Company Limited #<br>(incorporated in the PRC)  | Leasing of an entertainment complex                             | 25.0                    |
| Weststar Enterprises Limited  | Property development  | 26.8                    |

# Cooperative joint venture operates in the PRC

**32 APPROVAL OF ACCOUNTS**

The accounts were approved by the Board of Directors on 13th July 2001.

## FIVE YEAR FINANCIAL SUMMARY

|  | Year ended 31st March |                  |                  |                  |                  |
|--|-----------------------|------------------|------------------|------------------|------------------|
|  | 2001<br>HK\$'000      | 2000<br>HK\$'000 | 1999<br>HK\$'000 | 1998<br>HK\$'000 | 1997<br>HK\$'000 |
| <b>RESULTS</b>                             |                       |                  |                  |                  |                  |
| Turnover                                   | <b>748,937</b>        | 1,420,351        | 1,074,492        | 2,886,880        | 1,218,409        |
| (Loss)/profit before taxation              | <b>(409,137)</b>      | (576,271)        | (62,468)         | 887,464          | 347,321          |
| (Loss)/profit attributable to shareholders | <b>(234,203)</b>      | (461,213)        | (43,594)         | 453,010          | 167,594          |
| <b>ASSETS AND LIABILITIES</b>              |                       |                  |                  |                  |                  |
| Total assets                               | <b>9,699,119</b>      | 9,573,730        | 9,951,529        | 10,120,306       | 10,367,873       |
| Total liabilities                          | <b>(3,561,787)</b>    | (3,604,921)      | (4,964,975)      | (3,920,125)      | (3,833,434)      |
| Minority interests and loans               | <b>(3,242,165)</b>    | (2,842,436)      | (1,907,600)      | (2,494,555)      | (2,481,372)      |
| Shareholders' funds                        | <b>2,895,167</b>      | 3,126,373        | 3,078,954        | 3,705,626        | 4,053,067        |

**PROFORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES AS AT 31ST MARCH 2001**

The Group had amounts due from and loans to certain affiliated companies in a total sum of HK\$1,139 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$371 million totalling HK\$1,510 million as at 31st March 2001 which exceeds 25% of the Group's net assets. A proforma combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group's attributable interest in these affiliated companies are presented below:

|                                | <b>Proforma<br/>combined<br/>balance sheet<br/>2001<br/>HK\$'000</b> | <b>Group's<br/>attributable<br/>interest<br/>2001<br/>HK\$'000</b> |
|--------------------------------|--|--|
| Fixed assets                   | 6,065  | 2,443  |
| Investment properties          | 1,000,000  | 330,000  |
| Investment securities          | 152,546  | 76,180   |
| Jointly controlled entities    | 96,522   | 21,730   |
| Properties under development   | 2,178,679  | 1,082,771  |
| Current assets                 | 45,213   | 19,908   |
| Current liabilities            | (118,768)  | (34,881)   |
| Long term bank and other loans | (820,550)  | (374,288)  |
| Minority interests             | (20,081)   | (10,041)   |
| Shareholders' advance          | (2,322,794)  | (1,139,382)  |
| Net assets / (liabilities)     | <b>196,832</b>   | <b>(25,560)</b>  |

## EXTRACTS FROM THE AUDITED CONSOLIDATED ACCOUNTS OF ASIA STANDARD INTERNATIONAL GROUP LIMITED

Asia Standard International Group Limited (“Asia Standard”) is a principal subsidiary of the Company. It is incorporated in Bermuda and listed in Hong Kong and its subsidiaries are principally engaged in property investment, property development and hotel business.

To provide shareholders with further information on the financial performance and position of Asia Standard, the following is a summary of the audited consolidated accounts of Asia Standard for the year ended 31st March 2001.

### Consolidated Profit And Loss Account

|                                   | Year ended 31st March |                  |
|-----------------------------------|-----------------------|------------------|
|                                   | 2001<br>HK\$'000      | 2000<br>HK\$'000 |
| Turnover                          | 672,522               | 1,401,400        |
| Cost of sales                     | (510,739)             | (1,120,594)      |
| Gross profit                      | 161,783               | 280,806          |
| Administrative expenses           | (138,857)             | (152,744)        |
| Other charges                     | (167,302)             | (155,797)        |
| Operating loss                    | (144,376)             | (27,735)         |
| Finance costs                     | (135,969)             | (132,787)        |
| Share of profits less losses of   |                       |                  |
| Jointly controlled entities       | (5,328)               | (53,882)         |
| Associated companies              | (81,601)              | (44,857)         |
| Loss before taxation              | (367,274)             | (259,261)        |
| Taxation credit / (charge)        | 6,424                 | (18,759)         |
| Loss after taxation               | (360,850)             | (278,020)        |
| Minority interests                | 3,196                 | 8,218            |
| Loss attributable to shareholders | (357,654)             | (269,802)        |
| Dividends                         | –                     | (36,812)         |
| Loss for the year retained        | (357,654)             | (306,614)        |
| Loss per share                    | (8.7) cents           | (7.0) cents      |

**CONSOLIDATED BALANCE SHEET**

As At 31st March 2001

|                             | <b>As at 31st March 2001</b> |                 |
|-----------------------------|------------------------------|-----------------|
|                             | <b>2001</b>                  | <b>2000</b>     |
|                             | <b>HK\$'000</b>              | <b>HK\$'000</b> |
| Fixed assets                | <b>4,679,760</b>             | 4,478,533       |
| Jointly controlled entities | <b>295,435</b>               | 228,024         |
| Associated companies        | <b>680,186</b>               | 766,758         |
| Mortgage loans receivable   | <b>93,364</b>                | 102,425         |
| Net current assets          | <b>2,448,398</b>             | 2,682,277       |
|                             | <b>8,197,143</b>             | 8,258,017       |

Financed by:

|                              |                  |           |
|------------------------------|------------------|-----------|
| Share capital                | <b>41,122</b>    | 981,646   |
| Reserves                     | <b>4,563,306</b> | 3,975,226 |
| Shareholders' funds          | <b>4,604,428</b> | 4,956,872 |
| Long term loans              | <b>2,442,053</b> | 2,492,069 |
| Convertible bonds            | –                | 251,290   |
| Minority interests and loans | <b>1,150,662</b> | 557,786   |
|                              | <b>8,197,143</b> | 8,258,017 |

## PRINCIPAL PROPERTIES

As At 31st March 2001

| Properties  | Group's interest   | Approx. site area (sq. ft.) | Approx. gross floor area (sq. ft.) | Type                   |            |
|---|--|-----------------------------|------------------------------------|------------------------|------------|
| <b>I Investment properties held for rental purposes</b>   |  |                             |                                    |                        |            |
| 1   | Asia Standard Tower<br>59-65 Queen's Road Central,<br>Hong Kong.                   | 53.4%                       | 8,000                              | 133,000                | Commercial |
| 2   | Asia Orient Tower*<br>Town Place,<br>33 Lockhart Road,<br>Wanchai, Hong Kong.      | 53.4%                       | 7,000                              | 114,000                | Commercial |
| 3   | Goldmark<br>502 Hennessy Road,<br>Causeway Bay,<br>Hong Kong.                      | 17.6%                       | 6,000                              | 106,000                | Commercial |
| * Gross floor area of approximately 24,900 sq. ft. of this property is for the Group's internal use and has been classified as other property in the balance sheet as at 31st March 2001. |  |                             |                                    |                        |            |
| <b>II Hotel properties</b>  |  |                             |                                    |                        |            |
| 4   | Empire Hotel<br>33 Hennessy Road,<br>Wanchai,<br>Hong Kong.                        | 40.6%                       | 11,000                             | 184,000<br>(345 rooms) | Hotel      |
| 5   | Empire Landmark Hotel<br>1400 Robson Street,<br>Vancouver B.C.,<br>Canada.         | 40.6%                       | 41,000                             | 420,000<br>(358 rooms) | Hotel      |
| <b>III Completed properties held for sale</b>   |  |                             |                                    |                        |            |
| <b>Hong Kong</b>  |  |                             |                                    |                        |            |
| 6   | Portion of office floors and shops at 28 Marble Road<br>North Point,<br>Hong Kong. | 42.7%                       | 16,300                             | 87,000                 | Commercial |

|            |   |       |        |         |                            |
|------------|---|-------|--------|---------|----------------------------|
| 7          | 8 Wing Hing Street,<br>Causeway Bay,<br>Hong Kong.                        | 53.4% | 6,200  | 108,000 | Commercial                 |
| 8          | Bayshore Apartments<br>244 Aberdeen Main Road,<br>Hong Kong.              | 48.1% | 8,800  | 16,000  | Residential                |
| 9          | Westview Height<br>163 Belcher's Street,<br>Hong Kong.                    | 53.4% | 3,300  | 6,000   | Commercial/<br>Residential |
| 10         | Bijou Court<br>171 Prince Edward Road,<br>Mongkok,<br>Kowloon.            | 26.7% | 7,500  | 14,000  | Commercial/<br>Residential |
| 11         | Hing Wah Apartments<br>38 Hing Wah Street,<br>Shamshuipo,<br>Kowloon.     | 26.7% | 5,400  | 6,000   | Commercial/<br>Residential |
| 12         | Royal Jubilee<br>88 San Shing Avenue,<br>Sheung Shui,<br>New Territories. | 53.4% | 33,000 | 204,000 | Commercial/<br>Residential |
| <b>PRC</b> |   |       |        |         |                            |
| 13         | Palace Apartment<br>Ya Bao Road,<br>Chaoyang District,<br>Beijing.        | 16.1% | 79,000 | 96,000  | Commercial/<br>Residential |



| Properties  | Group's interest  | Approx. site area<br>(sq. ft.) | Approx. gross floor area<br>(sq. ft.) | Type                   | Stage and estimated date of completion |                               |
|---|---|--------------------------------|---------------------------------------|------------------------|--|-------------------------------|
| <b>IV Properties held for / under development</b> |   |                                |                                       |                        |  |                               |
| <b>Hong Kong</b>                                  |   |                                |                                       |                        |  |                               |
| 14  | Empire Kowloon Hotel<br>62-62A Kimberley Road,<br>9-11 Observatory Road, and<br>2-8 Kimberley Street,<br>Tsimshatsui,<br>Kowloon. | 40.6%                          | 11,400                                | 220,000<br>(315 rooms) | Hotel                                  | Superstructure<br>(2001)      |
| 15  | Royalton Phase II<br>116 Pokfulam Road,<br>Pokfulam,<br>Hong Kong.  | 53.4%                          | 10,800                                | 31,000                 | Residential                            | Superstructure<br>(2001)      |
| 16  | 238-242 Aberdeen Main Road,<br>Hong Kong.   | 53.4%                          | 16,200                                | 136,000                | Commercial/<br>Residential             | Foundation<br>(2003)          |
| 17  | Inland lot no. 845<br>Yiu Hing Road,<br>Shaukeiwan,<br>Hong Kong.   | 53.4%                          | 9,500                                 | 94,000                 | Commercial/<br>Residential             | Foundation<br>(2002)          |
| 18  | 19 Sze Shan Street,<br>Yau Tong,<br>Kowloon.  | 53.4%                          | 27,000                                | 170,000                | Residential                            | Planning<br>(2004)            |
| 19  | 117 Repulse Bay Road,<br>Hong Kong.   | 26.8%                          | 17,200                                | 55,000                 | Residential                            | Foundation<br>(2003)          |
| 20  | 157 Prince Edward Road,<br>Mongkok,<br>Kowloon.   | 26.7%                          | 7,400                                 | 87,000                 | Service<br>apartment                   | Foundation<br>(2002)          |
| 21  | 8A-8F Shiu Fai Terrace,<br>Hong Kong.   | 26.7%                          | 29,900                                | 120,000                | Residential                            | Foundation<br>(2003)          |
| <b>PRC</b>  |   |                                |                                       |                        |  |                               |
| 22  | Riviera Garden<br>Xinjicun, Nancunzhen,<br>Shajiaodao, Dashicun,<br>Panyu, Guangdong.   | 21.4%                          | 4,314,000                             | 7,538,000              | Commercial/<br>Residential             | Superstructure<br>(2001-2005) |