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If you have sold or transferred all your shares in **ASIA ORIENT HOLDINGS LIMITED**, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser(s) or the transferee(s).

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ASIA ORIENT HOLDINGS LIMITED

(滙漢控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 214)

**VERY SUBSTANTIAL DISPOSAL
RESULTING FROM
POSSIBLE DISPOSAL OF SHARES IN
ASIA STANDARD INTERNATIONAL GROUP LIMITED**

Financial adviser

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

A notice convening a special general meeting of **ASIA ORIENT HOLDINGS LIMITED** to be held at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong, on Thursday, 6th January, 2005 at 10:30 a.m. is set out on pages 150 to 151 of this circular. Whether or not you intend to attend and vote at the special general meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal office of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding such meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the special general meeting or any adjourned meeting should you so wish.

** For identification purposes only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement dated 29th November, 2004 made by Asia Orient
“Asia Orient” or “Company”	Asia Orient Holdings Limited, a company whose securities are listed on the Stock Exchange
“Asia Orient Group” or “Group”	Asia Orient and its subsidiaries
“Asia Standard”	Asia Standard International Group Limited, a company whose shares are listed on the Stock Exchange
“Asia Standard Group”	Asia Standard and its subsidiaries
“Asia Standard Share(s)”	the share(s) of Asia Standard
“Associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Connected Persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the possible disposal of approximately 40.0 million Asia Standard Shares as held by the Group
“GAML”	Grosvenor Asset Management Limited, a subsidiary of Grosvenor Group Limited, an international property group based in the United Kingdom
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	16th December, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong and Macau
“Q9”	Q9 Technology Holdings Limited
“Remaining Group”	the Group excluding Asia Standard

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for purpose of approving the Disposal
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vigers”	Vigers Appraisal & Consulting Limited



ASIA ORIENT HOLDINGS LIMITED

(滙漢控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 214)

Directors:

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

Independent non-executive Directors:

Mr. Cheung Kwok Wah, Ken
Mr. Wong Chi Keung
Mr. Hung Yat Ming

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal office in Hong Kong:

30th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai, Hong Kong

21st December, 2004

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
RESULTING FROM
POSSIBLE DISPOSAL OF SHARES IN
ASIA STANDARD INTERNATIONAL GROUP LIMITED**

INTRODUCTION

On 29th November, 2004, the Directors announced that the Company, through its wholly-owned subsidiaries, intends to sell approximately 40.0 million Asia Standard Shares as held by the Group, representing approximately 1.0% of its issued share capital.

THE POSSIBLE DISPOSAL OF ASIA STANDARD SHARES

The Directors intend to sell approximately 40.0 million Asia Standard Shares as held by the Group, representing approximately 1.0% of its issued share capital. Presently the Company, through wholly-owned subsidiaries, holds 2,090,469,712 Asia Standard Shares, representing approximately 50.9% of the existing issued share capital of Asia Standard.

** For identification purposes only*

LETTER FROM THE BOARD

No contractual arrangements have been entered into by the Company in relation to the possible disposal of Asia Standard Shares, as the Directors consider that the Company should first obtain its shareholders' approval for the Disposal so that a sale can be effected expeditiously when market conditions are favourable. Any disposal of Asia Standard Shares which results in Asia Standard ceasing to be a subsidiary will constitute a very substantial disposal for the Company under the Listing Rules, for which shareholders' approval is required.

An investor has not been identified and the sale may occur through an on-market transaction or series of transactions. However, no sales will be made to any of the director, chief executive or substantial shareholder of any member of the Group or any of their respective Associates, or any Connected Person of the Company. Accordingly, the Disposal will not be a connected transaction and no Shareholders will be required to abstain from voting on the approval of the Disposal.

The Company, through its wholly-owned subsidiaries, holds 2,090,469,712 Asia Standard Shares, representing approximately 50.9% of the existing issued share capital of Asia Standard of 4,109,249,990 shares.

The disposal for which advance shareholders' approval is being sought will only be effected if:

- the sale price equals to or exceeds 90% of the average closing price of the Asia Standard Shares for the ten preceding trading days immediately prior to any sale of Asia Standard Shares for which approval of the Shareholders has been granted;
- all the Asia Standard Shares are to be disposed of, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, to parties who are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any of their respective Associates, or any Connected Person of the Company; and
- the Disposal is completed within six months of the approval of Shareholders being given, which the Directors consider to be a reasonable period to conduct such a disposal of the Asia Standard Shares.

Upon the Disposal, the Company's indirect shareholding in Asia Standard will fall to approximately 49.9%. The Directors have discussed the accounting treatment of Asia Standard in the accounts of Asia Orient following the completion of the Disposal with the Company's reporting accountants and have been advised that Asia Standard will no longer be a subsidiary of the Company but an associated company of it. The sale shares will be sold free of any encumbrances or third party rights. The Company currently intends to retain its remaining interests in Asia Standard following the completion of the Disposal.

Since the actual sale price has not been determined, it is not possible to calculate the profit or loss that will arise on implementation of the Disposal. On the basis of the average closing price of the Asia Standard Shares for the ten preceding trading days immediately prior to the

LETTER FROM THE BOARD

Announcement of HK\$0.396 and approximately 40.0 million Asia Standard Shares proposed to be disposed of, the Disposal would result in the Group reporting an estimated loss of approximately HK\$10.0 million and the Company would realise gross proceeds of approximately HK\$15.8 million. It is intended that the net proceeds of approximately HK\$15.7 million will be used for reduction of debt of the Group.

The price of HK\$0.396 per Asia Standard Share, given by way of illustration above, compared with the audited net asset value per Asia Standard Share of HK\$0.84 as at 31st March, 2004, represents a price-to-book ratio of approximately 0.47 times.

A further announcement will be made by the Company upon completion of the Disposal.

The disclosed shareholdings of substantial shareholders of Asia Standard as at the Latest Practicable Date are, and after the completion of the Disposal will be, as follows:

	As at the Latest Practicable Date		Immediately after the completion of the Disposal	
	Number of Asia Standard Shares	Approximate shareholding %	Number of Asia Standard Shares	Approximate shareholding %
Asia Orient Group	2,090,469,712	50.9	2,050,469,712	49.9
GAML (note)	613,530,000	14.9	613,530,000	14.9

Note: GAML also holds convertible bonds of Asia Standard in the principal amount of HK\$290,000,000, which represents an underlying interest in 644,444,444 Asia Standard Shares to be issued upon conversion. Hence, GAML's aggregate interest in Asia Standard is approximately 26.5% of the share capital of Asia Standard as enlarged by the Asia Standard Shares issued upon conversion. Further, upon conversion and after the completion of the Disposal, the interests of the Asia Orient Group would be diluted to approximately 43.1%.

REASONS FOR AND THE EFFECTS OF THE SALE OF ASIA STANDARD SHARES

The principal reason for proposing the Disposal is to reduce the Company's indirect interest in Asia Standard so that on the completion of the Disposal Asia Standard will cease to be a subsidiary of the Company. Asia Standard is a considerably larger company than Asia Orient in terms of net assets attributable to its ordinary shareholders and market capitalisation, and there is no group of closely associated Shareholders holding more than 50% of the ordinary shares in Asia Orient. Consequently, transactions which Asia Standard is permitted to conclude without the requirement under the Listing Rules to obtain its shareholders' approval or obtain such approval by the written consent of a majority of its shareholders may require, depending on their size and nature, the approval of shareholders of Asia Orient which can only be obtained in general meeting. This additional approval at the level of Asia Orient has been reducing the flexibility of Asia Standard in entering into and concluding transactions, particularly for transactions where the speed of execution is essential if assets are to be acquired or disposed of advantageously. This additional approval requirement can be dispensed with if Asia Standard ceases to be a

LETTER FROM THE BOARD

subsidiary of Asia Orient. The Directors believe that although Asia Standard will cease to be a subsidiary of Asia Orient, Asia Orient will remain the single largest shareholder of Asia Standard and, through its remaining shareholdings in Asia Standard, will benefit from the increased flexibility Asia Standard will have following completion of the Disposal.

It is not expected that there will be any change in the composition of the board of directors of Asia Standard following the completion of the Disposal. At present, the board of directors of Asia Standard comprises eleven directors, of whom six are also Directors. Immediately after the completion of the Disposal, the Company will remain the single largest shareholder of Asia Standard. As the largest shareholder, the Company will have a significant degree of influence over Asia Standard (through the exercise of its voting rights at general meetings).

After the completion of the Disposal, Asia Standard will be equity accounted for as an associated company of the Company and will no longer be its subsidiary. According to the annual report of the Company, the consolidated net asset value of the Group as at 31st March, 2004 was approximately HK\$2,090.5 million, and the consolidated loss attributable to Shareholders for the year ended 31st March, 2004 was approximately HK\$228.2 million. Based on the unaudited pro forma financial information in Appendix II of this circular, the unaudited pro forma consolidated net asset value after completion of the Disposal will be approximately HK\$2,032.1 million, representing a decrease of approximately 2.8%. Similarly, the unaudited pro forma consolidated loss attributable to shareholders after completion of the Disposal will be approximately HK\$252.5 million, representing an increase of approximately 10.7%. The Directors believe there will be no material adverse effect on the business of the Company due to the deconsolidation of Asia Standard from its accounts.

INFORMATION ON ASIA ORIENT

Asia Orient is an investment holding company. Its main activities are property investment, investment holding and property development. Through the listed subsidiaries, Asia Standard and Asia Standard Hotel Group Limited, Asia Orient also is involved in property development and investment, hotel operation, travel agency and catering business.

Besides the core business, Asia Orient holds a 32% interest of an associate company, Q9, which is listed on the Growth Enterprise Market of the Stock Exchange. Q9 is mainly engaged in designing and promoting an innovative Chinese character input method for use in telecommunications and other electronic appliances. Asia Orient also invests in companies with activities ranging from the provision of information and content related to the PRC published on the internet; healthcare and environmental protection.

INFORMATION ON ASIA STANDARD

Asia Standard is engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through its listed subsidiary, Asia Standard Hotel Group Limited, Asia Standard also indirectly owns and operates three hotels, of which two are in Hong Kong and one in Canada; a travel agency in Hong Kong and two franchise restaurants in Hong Kong and Shanghai.

LETTER FROM THE BOARD

The following is a summary of the audited consolidated results of the Asia Standard Group for the two years ended 31st March, 2004 and 31st March, 2003:

	Year ended 31st March,	
	2004	2003
	HK\$'m	HK\$'m
Turnover	<u>725.7</u>	<u>1,056.9</u>
Loss before taxation	(150.6)	(280.6)
Taxation credit	<u>2.3</u>	<u>2.3</u>
Loss after taxation	(148.3)	(278.3)
Minority interests	<u>6.3</u>	<u>1.7</u>
Loss attributable to shareholders	<u>(142.0)</u>	<u>(276.6)</u>

The audited consolidated total assets and net asset value of the Asia Standard Group as at 31st March, 2004 was about HK\$7,308.4 million and HK\$3,467.6 million, respectively.

SGM

The consolidated total assets of the Asia Standard Group as at 31st March, 2004 was approximately 94.7% of the consolidated total assets of the Asia Orient Group as at 31st March, 2004. Accordingly, under the Listing Rules, the Disposal constitutes a very substantial disposal of Asia Orient, and is subject to the approval of Shareholders.

The SGM will be held at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong at 10:30 a.m. on Thursday, 6th January, 2005. A notice convening the SGM is set out on pages 150 to 151 of this circular. An ordinary resolution will be proposed at the SGM for the Shareholders to approve the Disposal.

Enclosed is a form of proxy for use at the SGM. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal office of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

RECOMMENDATION

The Board considers that the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
Asia Orient Holdings Limited
Fung Siu To, Clement
Chairman

The following is the text of a report, prepared for the purpose of inclusion in this document, from the auditors and reporting accountants of Asia Orient Holdings Limited, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

21st December 2004

The Directors
Asia Orient Holdings Limited

Dear Sirs

We set out below our report on the financial information relating to Asia Orient Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31st March 2002, 2003 and 2004 and the three month periods ended 30th June 2003 and 2004 (the “Relevant Periods”) for inclusion in the circular of the Company dated 21st December 2004 (the “Circular”) in connection with the proposed possible disposal of approximately 40 million shares in Asia Standard International Group Limited, a listed subsidiary of the Group pursuant to the announcement dated 29th November 2004.

The Company was incorporated in Bermuda on 28th June 1996 with limited liability. As at the date of this report, the Company had direct and indirect interests in the principal subsidiary companies set out in note 14 of Section I below.

All companies comprising the Group have adopted 31st March as their financial year end date.

We acted as the auditors of the Company and all other companies comprising the Group for each of the three years ended 31st March 2002, 2003 and 2004. For the purpose of this report, the Directors of the Company have prepared the consolidated financial statements of the Group for the three month periods ended 30th June 2003 and 2004 (“Consolidated Financial Statements”) in accordance with accounting principles generally accepted in Hong Kong. We have also audited the Consolidated Financial Statements of the Group for the three month periods ended 30th June 2003 and 2004.

For the purpose of this report, we have examined the audited accounts and the Consolidated Financial Statements of the Group for the Relevant Periods and have carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 “Prospectuses and the reporting accountant” issued by the Hong Kong Institute of Certified Public Accountants.

The financial information as set out in Sections I to III (“Financial Information”) has been prepared based on the audited consolidated accounts of the Group for the three years ended 31st March 2002, 2003 and 2004 and the Consolidated Financial Statements of the Group for the three month periods ended 30th June 2003 and 2004 in accordance with the accounting principles generally accepted in Hong Kong, after making such adjustments as are appropriate. The Directors of the Company are responsible for preparing the accounts and the Consolidated Financial Statements for the Relevant Periods, which give a true and fair view. In preparing the accounts and the Consolidated Financial Statements for the Relevant Periods, it is fundamental that appropriate accounting policies are selected and applied consistently.

The Directors of the Company are also responsible for the Financial Information. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion.

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2002, 2003 and 2004 and at 30th June 2004 and of the Group’s results and cash flows for the Relevant Periods.

(I) FINANCIAL INFORMATION

Consolidated Profit and Loss Accounts

	Note	3 months ended				
		Year ended 31st March			30th June	
		2002	2003	2004	2003	2004
		HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Turnover	3	866.9	1,214.3	767.4	155.6	157.0
Cost of sales		<u>(645.1)</u>	<u>(957.8)</u>	<u>(583.0)</u>	<u>(121.5)</u>	<u>(100.2)</u>
Gross profit		221.8	256.5	184.4	34.1	56.8
Administrative expenses		(147.6)	(137.6)	(127.1)	(24.1)	(29.8)
Provisions and other charges and income	5	<u>(147.8)</u>	<u>(274.9)</u>	<u>(84.7)</u>	<u>(25.5)</u>	<u>(11.3)</u>
Operating (loss)/profit	6	(73.6)	(156.0)	(27.4)	(15.5)	15.7
Finance costs	7	(117.3)	(139.1)	(117.9)	(30.0)	(24.8)
Share of profits less losses of Jointly controlled entities		(72.0)	(59.9)	(45.2)	(6.2)	202.9
Associated companies		<u>(95.8)</u>	<u>(150.2)</u>	<u>(111.5)</u>	<u>(11.6)</u>	<u>(7.7)</u>
(Loss)/profit before taxation		(358.7)	(505.2)	(302.0)	(63.3)	186.1
Taxation credit/(charge)	10	<u>41.5</u>	<u>0.7</u>	<u>0.9</u>	<u>—</u>	<u>(40.2)</u>
(Loss)/profit after taxation		(317.2)	(504.5)	(301.1)	(63.3)	145.9
Minority interests		<u>189.9</u>	<u>130.8</u>	<u>72.9</u>	<u>17.1</u>	<u>(78.1)</u>
(Loss)/profit attributable to shareholders		<u>(127.3)</u>	<u>(373.7)</u>	<u>(228.2)</u>	<u>(46.2)</u>	<u>67.8</u>
(Loss)/earnings per share	12					
Basic		<u>HK\$(0.84)</u>	<u>HK\$(2.49)</u>	<u>HK\$(1.49)</u>	<u>HK\$(0.31)</u>	<u>HK\$0.39</u>
Diluted						<u>HK\$0.30</u>

Consolidated Balance Sheets

	Note	At 31st March			At 30th
		2002	2003	2004	June
		HK\$'m	HK\$'m	HK\$'m	2004 HK\$'m
Fixed assets	13	4,879.5	4,423.9	4,643.0	4,632.0
Jointly controlled entities	15	326.3	276.6	263.4	148.7
Associated companies	16	675.7	660.4	456.3	448.3
Long term investment	17	1.0	1.6	1.6	—
Goodwill	18	26.4	37.3	30.9	29.3
Mortgage loans receivable	19	52.6	34.3	40.2	36.2
Deferred tax assets	30	42.1	48.4	62.5	59.9
Current assets					
Properties held for/under development for sale	20	1,224.1	992.1	1,029.1	1,066.4
Completed properties held for sale	20	867.9	729.5	608.1	588.9
Hotel and restaurant inventories		3.7	2.9	2.6	2.8
Debtors and prepayments	21	377.7	280.9	329.0	384.4
Other investments	22	400.3	155.9	91.9	79.7
Tax recoverable		1.7	0.8	0.3	0.3
Bank balances and cash	23	340.3	268.8	157.4	346.6
		<u>3,215.7</u>	<u>2,430.9</u>	<u>2,218.4</u>	<u>2,469.1</u>
Current liabilities					
Creditors and accruals	24	272.4	245.5	305.9	306.1
Short term bank loans and overdrafts					
Secured		282.8	195.3	158.1	166.2
Unsecured		33.0	30.0	31.9	15.5
Convertible notes	28	60.0	—	77.6	77.6
Current portion of long term loans	29	314.1	316.0	118.4	125.6
Taxation		12.1	10.3	9.5	9.4
		<u>974.4</u>	<u>797.1</u>	<u>701.4</u>	<u>700.4</u>
Net current assets		<u>2,241.3</u>	<u>1,633.8</u>	<u>1,517.0</u>	<u>1,768.7</u>
Total assets less current liabilities		<u>8,244.9</u>	<u>7,116.3</u>	<u>7,014.9</u>	<u>7,123.1</u>
Financed by:					
Share capital	25	37.5	15.0	17.4	17.4
Reserves	26	2,742.3	2,226.8	2,073.1	2,138.4
Shareholders' funds		2,779.8	2,241.8	2,090.5	2,155.8
Convertible bonds	27	290.0	290.0	290.0	290.0
Convertible notes	28	—	60.0	—	—
Long term loans	29	2,453.3	2,195.2	2,229.2	2,196.7
Deferred tax liabilities	30	36.1	38.7	53.3	53.6
Minority interests and loans	31	2,685.7	2,290.6	2,351.9	2,427.0
		<u>8,244.9</u>	<u>7,116.3</u>	<u>7,014.9</u>	<u>7,123.1</u>

Balance Sheets

	Note	At 31st March			At 30th
		2002	2003	2004	June
		HK\$'m	HK\$'m	HK\$'m	2004 HK\$'m
Subsidiaries	14	4,376.7	3,730.2	3,617.8	3,618.1
Deferred tax assets	30	0.3	0.3	0.2	0.1
Current assets					
Debtors and prepayments		0.9	1.2	0.6	0.4
Current liabilities					
Creditors and accruals		1.0	1.2	0.9	1.1
Convertible notes	28	60.0	—	31.6	31.6
		61.0	1.2	32.5	32.7
Net current liabilities		(60.1)	—	(31.9)	(32.3)
Total assets less current liabilities		<u>4,316.9</u>	<u>3,730.5</u>	<u>3,586.1</u>	<u>3,585.9</u>
Financed by:					
Share capital	25	37.5	15.0	17.4	17.4
Reserves	26	4,279.4	3,655.5	3,568.7	3,568.5
Shareholders' funds		4,316.9	3,670.5	3,586.1	3,585.9
Convertible notes	28	—	60.0	—	—
		<u>4,316.9</u>	<u>3,730.5</u>	<u>3,586.1</u>	<u>3,585.9</u>

Consolidated Cash Flow Statements

	Note	3 months ended				
		Year ended 31st March			30th June	
		2002	2003	2004	2003	2004
		HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Cash flows from operating activities						
Net cash generated from/(used in) operations	35(a)	151.7	454.8	5.9	(147.7)	(44.0)
Net tax (paid)/refunded		(8.0)	(2.8)	0.4	0.2	(0.1)
Interest paid		<u>(202.6)</u>	<u>(149.8)</u>	<u>(124.6)</u>	<u>(44.7)</u>	<u>(17.7)</u>
Net cash (used in)/from operating activities		<u>(58.9)</u>	<u>302.2</u>	<u>(118.3)</u>	<u>(192.2)</u>	<u>(61.8)</u>
Cash flows from investing activities						
Interest received		44.1	29.2	38.1	23.6	1.4
Dividends received from						
Jointly controlled entities		—	—	—	—	165.3
Associated companies		5.9	—	—	—	—
Other investments		0.9	2.7	1.2	0.9	0.1
Proceeds on disposal of other investments		59.3	356.7	90.5	—	2.1
Purchase of other investments		(195.5)	(197.9)	(50.5)	(0.3)	(4.6)
Increase in advance to an investee company		(1.0)	(0.6)	—	—	—
Addition to fixed assets		(114.4)	(1.9)	(0.3)	—	(0.1)
Proceeds on disposal of fixed assets		0.1	—	—	—	—
Acquisition of subsidiaries	35(b)	(190.5)	(44.0)	—	—	—
Disposal of subsidiaries	35(c)	107.7	—	—	—	—
Proceeds on disposal of interest in a listed subsidiary		—	—	6.6	—	—
Repurchase of own shares by a listed subsidiary		—	—	(0.9)	(0.9)	—
Proceeds on disposal of an associated company		—	—	2.0	—	—
(Increase)/decrease in advances to associated companies		(13.5)	(10.2)	90.8	(8.6)	—

Consolidated Cash Flow Statements (continued)

	Note	3 months ended				
		Year ended 31st March			30th June	
		2002	2003	2004	2003	2004
		HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Acquisition of associated companies		—	(139.5)	(4.0)	—	—
Acquisition of a jointly controlled entity		—	—	(11.6)	—	—
Decrease/(increase) in advances to jointly controlled entities		<u>12.1</u>	<u>(10.1)</u>	<u>17.6</u>	<u>(2.4)</u>	<u>115.9</u>
Net cash (used in)/from investing activities		<u>(284.8)</u>	<u>(15.6)</u>	<u>179.5</u>	<u>12.3</u>	<u>280.1</u>
Net cash (used)/generated before financing activities		<u>(343.7)</u>	<u>286.6</u>	<u>61.2</u>	<u>(179.9)</u>	<u>218.3</u>
Cash flows from financing activities						
Decrease/(increase) in restricted bank balances		41.4	(25.6)	1.3	2.4	6.0
Drawdown of long term bank loans		933.2	178.4	295.7	20.0	580.0
Repayment of long term bank loans		(881.2)	(447.2)	(476.4)	(69.7)	(629.5)
Issue of convertible notes		—	60.0	46.0	46.0	—
Repayment of convertible notes		—	(60.0)	—	—	—
Issue of convertible bonds		290.0	—	—	—	—
Repayment of convertible bonds		(251.3)	—	—	—	—
Increase/(decrease) in short term bank loans		68.3	(101.1)	(9.6)	1.2	6.8
(Decrease)/increase in loans from minority shareholders of subsidiaries		(14.1)	0.1	(4.4)	0.8	0.8
Exercise of warrants		<u>0.1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net cash from/(used in) financing activities	35(d)	<u>186.4</u>	<u>(395.4)</u>	<u>(147.4)</u>	<u>0.7</u>	<u>(35.9)</u>

Consolidated Cash Flow Statements (continued)

	Year ended 31st March			3 months ended	
	2002	2003	2004	2003	2004
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
Net (decrease)/increase in cash and cash equivalents	(157.3)	(108.8)	(86.2)	(179.2)	182.4
Cash and cash equivalents at beginning of the year/period	374.6	219.7	111.1	111.1	24.8
Changes in exchange rates	<u>2.4</u>	<u>0.2</u>	<u>(0.1)</u>	<u>(2.6)</u>	<u>—</u>
Cash and cash equivalents at end of the year/period	<u>219.7</u>	<u>111.1</u>	<u>24.8</u>	<u>(70.7)</u>	<u>207.2</u>
Analysis of the balances of cash and cash equivalents					
Bank balances (excluding pledged deposits and balances held in trust)	302.3	204.3	92.3	40.7	287.6
Bank overdrafts	<u>(82.6)</u>	<u>(93.2)</u>	<u>(67.5)</u>	<u>(111.4)</u>	<u>(80.4)</u>
	<u>219.7</u>	<u>111.1</u>	<u>24.8</u>	<u>(70.7)</u>	<u>207.2</u>

Consolidated Statements of Changes in Equity

	Note	3 months ended				
		Year ended 31st March			30th June	
		2002	2003	2004	2003	2004
		HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Balance at beginning of the year/period		2,877.5	2,779.8	2,241.8	2,241.8	2,090.5
Exchange differences arising on translation of accounts of overseas subsidiaries, jointly controlled entities and associated companies	26	(0.2)	7.0	10.1	6.6	(2.5)
Revaluation deficit on investment properties						
Subsidiaries	26	(35.4)	(58.8)	—	—	—
Associated companies	26	(3.5)	(13.0)	—	—	—
Revaluation surplus/(deficit) on hotel properties, net of taxation	26	62.0	(94.1)	44.6	—	—
Revaluation deficit on other properties	26	(7.6)	(5.4)	—	—	—
Conversion of convertible notes	26	—	—	26.0	—	—
Release of reserves upon disposal of interest in a listed subsidiary	26	—	—	(6.2)	—	—
Release of goodwill upon deemed disposal of an associated company	26	9.4	—	—	—	—
Exchange reserve released on liquidation of a subsidiary	26	4.9	—	—	—	—
Net gains/(losses) not recognised in the profit and loss account		29.6	(164.3)	74.5	6.6	(2.5)
Issue of share capital upon conversion of convertible notes	25	—	—	2.4	—	—
(Loss)/profit for the year/period attributable to shareholders	26	(127.3)	(373.7)	(228.2)	(46.2)	67.8
Balance at end of the year/period		2,779.8	2,241.8	2,090.5	2,202.2	2,155.8

Notes to Financial Information

1 Corporate update

Pursuant to the Group's announcement dated 29th November 2004, the Directors announced that the Group intended to dispose of approximately 40.0 million shares in Asia Standard International Group Limited ("Asia Standard"), representing approximately 1.0% of its issued share capital as at the date of the announcement.

As at the date of this report, the Group held approximately 50.9% interest in Asia Standard. Upon the completion of the possible disposal, the Group's interest in Asia Standard will fall to approximately 49.9% and consequently Asia Standard will cease to be accounted as a subsidiary but as an associated company of the Group.

The financial information of Asia Standard for the Relevant Periods is summarised in note 4.

2 Principal accounting policies

(a) *Basis of preparation*

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.

(b) *Basis of consolidation*

The consolidated accounts of the Group include the accounts of the Company and its subsidiaries made up to the end of the corresponding Relevant Periods and the Group's share of post-acquisition profits less losses, and reserves, of its jointly controlled entities and associated companies.

The results of subsidiaries acquired or disposed of during the Relevant Periods are dealt with in the consolidated profit and loss account from the effective dates of acquisition and to the effective dates of disposal respectively.

The profit or loss on disposal of subsidiaries, jointly controlled entities or associated companies is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill/negative goodwill which remains unamortised, and those previously taken to reserves.

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

(c) *Subsidiaries*

Subsidiaries are companies in which the Group has the power to exercise control governing the financial and operating policies of the companies.

In the Company's balance sheet, investments in subsidiaries are carried at cost. Provision is made when the Directors consider that there is a long term impairment in value.

Notes to Financial Information (continued)**2 Principal accounting policies (continued)***(d) 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. The Group's 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 carried at cost. Provision is made when the Directors consider that there is a long term impairment in value.

(e) Associated companies

An associated company is a company, not being a subsidiary or a jointly controlled entity, 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. The Group continues to share losses incurred by associated companies, 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 associated companies.

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 long term impairment in value.

(f) Goodwill

Goodwill represents the difference between the cost of an acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiaries, jointly controlled entities and associated companies at the effective date of acquisition.

Goodwill on acquisitions, which occurred on or prior to 31st March 2001, was taken directly to reserves. The carrying amount of goodwill, including those previously taken directly to reserves, is reviewed annually and provision is only made where, in the opinion of the Directors, there is a long term impairment in value.

Goodwill arising on acquisitions occurring after 31st March 2001 is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of not more than twenty years.

Where the fair values ascribed to the net assets exceed the purchase consideration, such differences are recognised in the consolidated profit and loss account in the year of acquisition or over the weighted average useful life of those non-monetary assets acquired.

(g) 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.

Notes to Financial Information (continued)**2 Principal accounting policies (continued)**(h) *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 replacements 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 on an individual basis, 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 and provision for significant impairment in value or carried at 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

Notes to Financial Information (continued)

2 Principal accounting policies (continued)

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 long term impairment in value. 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 and provision for significant impairment in value. 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.

Profits or losses on disposal of other fixed assets are determined as the difference between the net disposal proceeds and the carrying amounts of the assets and are dealt with in the profit and loss account.

(vi) Impairment of fixed assets

The carrying amounts of other fixed assets and properties which are stated at cost less accumulated depreciation are reviewed regularly. When the estimated recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts. Expected future cash flows have been discounted in determining the recoverable amount.

(i) *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.

Notes to Financial Information (continued)**2 Principal accounting policies (continued)**

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.

(j) *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.

(k) *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.

(l) *Provisions*

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) *Employee benefits*

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to several defined contribution retirement benefit schemes which are available to employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions to these schemes are expensed as incurred.

Notes to Financial Information (continued)**2 Principal accounting policies (continued)***(n) Deferred taxation*

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(o) 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 (i) 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, travel agency and management services businesses

Revenue from hotel and catering operations is recognised upon provision of services.

Revenue from sale of air tickets and hotel reservation service is recognised when customers confirm the booking.

Management fee income is recognised when services are rendered.

(v) Investment and others

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

Notes to Financial Information (continued)**2 Principal accounting policies (continued)**

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.

(p) *Foreign currencies*

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

The profit and loss accounts of subsidiaries, jointly controlled entities and associated companies denominated in foreign currencies are translated at the weighted average exchange rates during the year and balance sheets are translated at the rates of exchange ruling at the balance sheet date. Exchange difference arising from the translation of net investments in these subsidiaries, jointly controlled entities and associated companies are dealt with as a movement in reserve.

(q) *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.

(r) *Operating leases*

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals payable, net of incentives received from the lessors, under such operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(s) *Cash and cash equivalents*

Cash and cash equivalents are stated in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, cash investment with a maturity of three months or less from the date of investment and bank overdrafts.

Notes to Financial Information (continued)

3 Turnover and segment information

The Group is principally engaged in property development and investment, hotel, travel agency and management services operations. Turnover comprises gross revenues from property sales, property leasing, hotel and travel agency, management services, investment and interest income.

Primary reporting format — business segments

The Group is organised into four main business segments, comprising property sales, property leasing, hotel and travel and investments. There is no other significant identifiable separate business segment. Segment revenue from external customers is after elimination of inter-segment revenues. There was revenue of HK\$4.0 million for the year ended 31st March 2002 and no revenue for the years ended 31st March 2003 and 2004 and the 3 months ended 30th June 2003 and 2004 charged by the property sales segment in respect of construction services provided to the hotel and travel segment which has been eliminated from segment revenues. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments. Segment assets consist primarily fixed assets, other non-current assets, hotel inventories, properties, debtors, prepayments and other receivables and investments. Segment liabilities comprise mainly creditors, accruals, bank and other loans.

For the year ended 31st March 2002:

	Property sales <i>HK\$'m</i>	Property leasing <i>HK\$'m</i>	Hotel and travel <i>HK\$'m</i>	Investments <i>HK\$'m</i>	Other operations <i>HK\$'m</i>	Group <i>HK\$'m</i>
Segment revenue	253.9	61.3	424.9	60.2	66.6	866.9
Contribution to segment results	(25.7)	51.7	45.4	23.1	43.9	138.4
Provisions and other charges and income	(131.1)	—	(7.0)	(8.9)	(0.8)	(147.8)
Unallocated corporate expenses						(64.2)
Operating loss						(73.6)
Finance costs						(117.3)
Share of results of						
Jointly controlled entities	(67.9)	—	—	(4.1)	—	(72.0)
Associated companies	(94.8)	6.0	—	(7.0)	—	(95.8)
Loss before taxation						(358.7)
Taxation credit						41.5
Loss after taxation						(317.2)
Minority interests						189.9
Loss attributable to shareholders						(127.3)
Depreciation	0.7	0.5	1.4	—	4.4	7.0
Capital expenditure	—	0.7	157.5	—	—	158.2

Notes to Financial Information (continued)

3 Turnover and segment information (continued)

For the year ended 31st March 2003:

	Property sales <i>HK\$'m</i>	Property leasing <i>HK\$'m</i>	Hotel and travel <i>HK\$'m</i>	Investments <i>HK\$'m</i>	Other operations <i>HK\$'m</i>	Group <i>HK\$'m</i>
Segment revenue	<u>470.2</u>	<u>60.7</u>	<u>448.2</u>	<u>133.3</u>	<u>101.9</u>	<u>1,214.3</u>
Contribution to segment results	48.2	54.3	66.1	(25.2)	28.3	171.7
Provisions and other charges and income	(136.1)	(59.0)	(2.4)	(65.0)	(12.4)	(274.9)
Unallocated corporate expenses						<u>(52.8)</u>
Operating loss						(156.0)
Finance costs						(139.1)
Share of results of						
Jointly controlled entities	(33.0)	—	—	(26.9)	—	(59.9)
Associated companies	(108.2)	(7.9)	(1.2)	(32.9)	—	<u>(150.2)</u>
Loss before taxation						(505.2)
Taxation credit						<u>0.7</u>
Loss after taxation						(504.5)
Minority interests						<u>130.8</u>
Loss attributable to shareholders						<u>(373.7)</u>
Depreciation	0.2	3.3	5.3	—	1.0	9.8
Capital expenditure	—	1.1	0.8	—	—	1.9

Notes to Financial Information (continued)

3 Turnover and segment information (continued)

For the year ended 31st March 2004:

	Property sales <i>HK\$'m</i>	Property leasing <i>HK\$'m</i>	Hotel and travel <i>HK\$'m</i>	Investments <i>HK\$'m</i>	Other operations <i>HK\$'m</i>	Group <i>HK\$'m</i>
Segment revenue	<u>167.8</u>	<u>53.2</u>	<u>426.0</u>	<u>18.6</u>	<u>101.8</u>	<u>767.4</u>
Contribution to segment results	(3.1)	47.6	42.1	2.6	24.1	113.3
Provisions and other charges and income	(20.1)	35.0	(11.5)	(25.5)	(62.6)	(84.7)
Unallocated corporate expenses						<u>(56.0)</u>
Operating loss						(27.4)
Finance costs						(117.9)
Share of results of						
Jointly controlled entities	(3.2)	—	—	(42.0)	—	(45.2)
Associated companies	(16.0)	13.0	(0.7)	(107.7)	(0.1)	<u>(111.5)</u>
Loss before taxation						(302.0)
Taxation credit						<u>0.9</u>
Loss after taxation						(301.1)
Minority interests						<u>72.9</u>
Loss attributable to shareholders						<u>(228.2)</u>
Depreciation	—	0.2	3.2	—	0.6	4.0
Capital expenditure	—	—	0.2	—	0.1	0.3

Notes to Financial Information (continued)

3 Turnover and segment information (continued)

For the 3 months ended 30th June 2003:

	Property sales <i>HK\$'m</i>	Property leasing <i>HK\$'m</i>	Hotel and travel <i>HK\$'m</i>	Investments <i>HK\$'m</i>	Other operations <i>HK\$'m</i>	Group <i>HK\$'m</i>
Segment revenue	<u>70.5</u>	<u>13.3</u>	<u>64.2</u>	<u>1.0</u>	<u>6.6</u>	<u>155.6</u>
Contribution to segment results	3.2	11.2	(1.1)	1.0	4.1	18.4
Provisions and other charges and income	(1.8)	—	(0.6)	(16.3)	(6.8)	(25.5)
Unallocated corporate expenses						<u>(8.4)</u>
Operating loss						(15.5)
Finance costs						(30.0)
Share of results of						
Jointly controlled entities	(0.8)	—	—	(5.4)	—	(6.2)
Associated companies	0.1	1.8	(0.3)	(13.2)	—	<u>(11.6)</u>
Loss before taxation						(63.3)
Taxation						<u>—</u>
Loss after taxation						(63.3)
Minority interests						<u>17.1</u>
Loss attributable to shareholders						<u>(46.2)</u>
Depreciation	—	0.2	1.2	—	0.1	1.5

Notes to Financial Information (continued)

3 Turnover and segment information (continued)

For the 3 months ended 30th June 2004:

	Property sales <i>HK\$'m</i>	Property leasing <i>HK\$'m</i>	Hotel and travel <i>HK\$'m</i>	Investments <i>HK\$'m</i>	Other operations <i>HK\$'m</i>	Group <i>HK\$'m</i>
Segment revenue	<u>1.2</u>	<u>12.8</u>	<u>135.1</u>	<u>2.2</u>	<u>5.7</u>	<u>157.0</u>
Contribution to segment results	(0.4)	11.0	23.2	0.1	3.7	37.6
Provisions and other charges and income	(6.9)	—	(0.6)	(14.7)	10.9	(11.3)
Unallocated corporate expenses						<u>(10.6)</u>
Operating profit						15.7
Finance costs						(24.8)
Share of results of						
Jointly controlled entities	208.3	—	—	(5.4)	—	202.9
Associated companies	(0.1)	1.9	—	(9.5)	—	<u>(7.7)</u>
Profit before taxation						186.1
Taxation						<u>(40.2)</u>
Profit after taxation						145.9
Minority interests						<u>(78.1)</u>
Profit attributable to shareholders						<u>67.8</u>
Depreciation	—	—	0.2	—	0.1	0.3
Capital expenditure	—	—	0.1	—	—	0.1

At 31st March 2002:

	Property sales <i>HK\$'m</i>	Property leasing <i>HK\$'m</i>	Hotel and travel <i>HK\$'m</i>	Investments <i>HK\$'m</i>	Other operations <i>HK\$'m</i>	Total <i>HK\$'m</i>
Segment assets	1,660.4	2,219.0	3,432.7	400.3	250.1	7,962.5
Jointly controlled entities and associated companies	556.1	245.9	—	197.0	3.0	1,002.0
Unallocated assets						<u>254.8</u>
						<u>9,219.3</u>
Segment liabilities	1,100.2	781.6	1,426.9	—	17.4	3,326.1
Minority interests and loans						2,685.7
Unallocated liabilities						<u>427.7</u>
						<u>6,439.5</u>

Notes to Financial Information (continued)

3 Turnover and segment information (continued)

At 31st March 2003:

	Property sales	Property leasing	Hotel and travel	Investments	Other operations	Total
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
Segment assets	1,353.8	1,887.6	3,119.7	156.1	198.6	6,715.8
Jointly controlled entities and associated companies	463.5	170.0	11.8	291.6	0.1	937.0
Unallocated assets						<u>260.6</u>
						<u>7,913.4</u>
Segment liabilities	861.2	720.5	1,342.1	—	66.2	2,990.0
Minority interests and loans						2,290.6
Unallocated liabilities						<u>391.0</u>
						<u>5,671.6</u>

At 31st March 2004:

	Property sales	Property leasing	Hotel and travel	Investments	Other operations	Total
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
Segment assets	1,271.3	1,975.2	3,301.9	92.0	176.0	6,816.4
Jointly controlled entities and associated companies	373.0	188.1	—	147.7	10.9	719.7
Unallocated assets						<u>180.2</u>
						<u>7,716.3</u>
Segment liabilities	654.1	883.8	1,356.8	—	69.5	2,964.2
Minority interests and loans						2,351.9
Unallocated liabilities						<u>309.7</u>
						<u>5,625.8</u>

Notes to Financial Information (continued)

3 Turnover and segment information (continued)

At 30th June 2004:

	Property sales	Property leasing	Hotel and travel	Investments	Other operations	Total
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
Segment assets	1,305.5	1,959.3	3,295.0	79.7	212.4	6,851.9
Jointly controlled entities and associated companies	263.2	189.6	—	133.2	11.0	597.0
Unallocated assets						<u>374.6</u>
						<u>7,823.5</u>
Segment liabilities	642.5	861.1	1,342.7	—	70.2	2,916.5
Minority interests and loans						2,427.0
Unallocated liabilities						<u>324.2</u>
						<u>5,667.7</u>

Notes to Financial Information (continued)

3 Turnover and segment information (continued)

Secondary reporting format — geographical segments

The activities of the Group are mainly based in Hong Kong. A summary of geographical segments is set out as follows:

	Segment revenue	Operating profit/(loss)	Total assets	Capital expenditure
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
For the year ended 31st March 2002:				
Hong Kong	741.2	(118.3)	8,751.9	157.1
Mainland China	58.2	24.0	118.7	0.1
Canada	67.5	20.7	348.7	1.0
	<u>866.9</u>	<u>(73.6)</u>	<u>9,219.3</u>	<u>158.2</u>
For the year ended 31st March 2003:				
Hong Kong	1,141.5	(159.1)	7,182.5	1.8
Mainland China	13.9	(13.2)	350.2	0.0
Canada	58.9	16.3	380.7	0.1
	<u>1,214.3</u>	<u>(156.0)</u>	<u>7,913.4</u>	<u>1.9</u>
For the year ended 31st March 2004:				
Hong Kong	685.6	(40.4)	6,964.7	0.2
Mainland China	22.6	(0.6)	320.9	0.1
Canada	59.2	13.6	430.7	—
	<u>767.4</u>	<u>(27.4)</u>	<u>7,716.3</u>	<u>0.3</u>
For the 3 months ended 30th June 2003:				
Hong Kong	121.2	(20.5)		
Mainland China	17.8	(0.5)		
Canada	16.6	5.5		
	<u>155.6</u>	<u>(15.5)</u>		
For the 3 months ended 30th June 2004:				
Hong Kong	137.3	9.1	7,091.0	0.1
Mainland China	2.0	0.2	308.8	—
Canada	17.7	6.4	423.7	—
	<u>157.0</u>	<u>15.7</u>	<u>7,823.5</u>	<u>0.1</u>

Notes to Financial Information (continued)

4 Financial information of Asia Standard

Asia Standard is a listed company in Hong Kong, which is engaged in property development and investment, hotel, travel agencies and catering operations. The turnover, results, cash flows and net assets of Asia Standard for the Relevant Periods were summarised as follow:

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Results					
Turnover	838.9	1,056.9	725.7	150.2	150.5
Operating costs	<u>(1,006.4)</u>	<u>(1,074.2)</u>	<u>(754.8)</u>	<u>(158.1)</u>	<u>(130.1)</u>
Operating (loss)/profit	(167.5)	(17.3)	(29.1)	(7.9)	20.4
Finance costs	(107.8)	(128.3)	(106.8)	(27.4)	(22.9)
Share of profits less losses of					
Jointly controlled entities	(67.9)	(33.0)	(3.2)	(0.9)	208.3
Associated companies	<u>(88.8)</u>	<u>(102.0)</u>	<u>(11.5)</u>	<u>1.6</u>	<u>1.8</u>
(Loss)/profit before taxation	(432.0)	(280.6)	(150.6)	(34.6)	207.6
Taxation credit/(charge)	<u>37.6</u>	<u>2.3</u>	<u>2.3</u>	<u>2.7</u>	<u>(40.1)</u>
(Loss)/profit after taxation	(394.4)	(278.3)	(148.3)	(31.9)	167.5
Minority interests	<u>10.6</u>	<u>1.7</u>	<u>6.3</u>	<u>5.1</u>	<u>1.7</u>
(Loss)/profit attributable to shareholders	<u><u>(383.8)</u></u>	<u><u>(276.6)</u></u>	<u><u>(142.0)</u></u>	<u><u>(26.8)</u></u>	<u><u>169.2</u></u>
Cash flows					
Net cash (used in)/from operating activities	(52.4)	303.5	6.2	(64.6)	(31.8)
Net cash (used in)/from investing activities	(46.9)	(12.0)	130.1	(6.8)	280.1
Net cash from/(used in) financing activities	<u>70.7</u>	<u>(368.5)</u>	<u>(137.8)</u>	<u>2.1</u>	<u>(39.7)</u>
Net (decrease)/increase in cash and cash equivalents	<u><u>(28.6)</u></u>	<u><u>(77.0)</u></u>	<u><u>(1.5)</u></u>	<u><u>(69.3)</u></u>	<u><u>208.6</u></u>

Notes to Financial Information (continued)

4 Financial information of Asia Standard (continued)

	At 31st March			At 30th June	
	2002	2003	2004	2003	2004
	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm
Net assets					
Fixed assets	4,879.5	4,423.6	4,643.0		4,632.0
Other non-current assets	917.1	740.4	685.8		569.2
Current assets	<u>2,697.2</u>	<u>2,159.4</u>	<u>1,979.6</u>		<u>2,229.8</u>
Total assets	8,493.8	7,323.4	7,308.4		7,431.0
Total liabilities	(3,537.5)	(3,148.3)	(3,070.0)		(3,030.5)
Minority interests	<u>(811.9)</u>	<u>(740.7)</u>	<u>(770.8)</u>		<u>(768.0)</u>
Net assets	<u><u>4,144.4</u></u>	<u><u>3,434.4</u></u>	<u><u>3,467.6</u></u>		<u><u>3,632.5</u></u>

5 Provisions and other charges and income

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm
Net provision for diminution in value of					
Properties under development/held for sale	(122.3)	(136.1)	(20.1)	(1.8)	(6.9)
Other properties	—	(5.3)	—	—	—
Revaluation (deficit)/surplus on investment properties	—	(59.0)	35.0	—	—
Unrealised losses on other investments	(35.4)	(65.0)	(25.5)	(16.3)	(14.7)
Gain on deemed disposal of interest in a jointly controlled entity	26.5	—	—	—	—
Loss on disposal of interest in the Panyu development	(8.8)	—	—	—	—
Gain on partial disposal of catering business	4.1	—	—	—	—
Pre-operating loss of Empire Hotel Kowloon	(4.1)	—	—	—	—
(Provision)/write back of provision for doubtful debts	—	(5.1)	(51.4)	(6.8)	11.9
Loss on disposal of an associated company	—	—	(9.1)	—	—
Loss on disposal of interest in a listed subsidiary	—	—	(8.2)	—	—
Exchange reserve realised upon liquidation of a subsidiary	(4.9)	—	—	—	—
Negative goodwill recognised	—	—	1.0	1.0	—
Amortisation of goodwill	<u>(2.9)</u>	<u>(4.4)</u>	<u>(6.4)</u>	<u>(1.6)</u>	<u>(1.6)</u>
	<u><u>(147.8)</u></u>	<u><u>(274.9)</u></u>	<u><u>(84.7)</u></u>	<u><u>(25.5)</u></u>	<u><u>(11.3)</u></u>

Notes to Financial Information (continued)

6 Operating (loss)/profit

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Operating (loss)/profit is stated after crediting and charging the following:					
Crediting					
Forfeited deposits	1.6	0.4	0.2	—	—
Net rental income (note (a))	51.7	52.4	46.0	10.8	11.4
Interest income					
Debt securities	8.2	5.9	0.2	—	—
Others	36.3	22.7	12.9	3.4	2.7
Dividends from listed investments	0.9	2.1	1.2	1.0	0.1
Net realised gains/(losses) on other investments	<u>22.1</u>	<u>(22.3)</u>	<u>1.5</u>	<u>—</u>	<u>—</u>
Charging					
Provision for advance to an investee company	—	—	—	—	1.6
Operating lease rental expenses for land and buildings	5.6	6.2	6.2	1.3	1.3
Amortisation of goodwill	2.9	4.4	6.4	1.6	1.6
Staff costs, including Director's emoluments (note 9)	101.0	100.9	91.5	18.4	24.3
Depreciation	7.0	9.8	4.0	1.5	0.3
Auditors' remuneration	3.9	3.5	3.3	0.6	1.1
Loss on disposal of fixed assets	1.1	—	0.1	—	—
Net unrealised losses on other investments	<u>35.4</u>	<u>65.0</u>	<u>25.5</u>	<u>16.3</u>	<u>14.7</u>

Notes to Financial Information (continued)

6 Operating (loss)/profit (continued)

(a) Net rental income

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Gross rental income					
Investment properties	39.9	39.0	34.3	8.7	8.1
Properties held for sale	21.3	21.7	18.8	4.6	4.7
	61.2	60.7	53.1	13.3	12.8
Outgoings	(9.5)	(8.3)	(7.1)	(2.5)	(1.4)
	51.7	52.4	46.0	10.8	11.4

7 Finance costs

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Interest expense					
Long term bank loans	147.9	90.6	66.7	20.2	12.0
Convertible bonds	21.7	30.9	31.0	7.7	7.7
Convertible notes	3.0	3.0	5.0	1.2	1.0
Loans from minority shareholders of subsidiaries	3.8	3.1	3.5	0.8	0.8
Short term bank loans and overdrafts	14.9	18.4	18.9	4.2	4.6
Other incidental borrowing costs	13.9	7.4	7.6	1.5	1.5
	205.2	153.4	132.7	35.6	27.6
Capitalised as cost of properties under development					
Interest expense	(83.4)	(13.4)	(13.7)	(5.5)	(2.7)
Other incidental borrowing costs	(4.5)	(0.9)	(1.1)	(0.1)	(0.1)
	117.3	139.1	117.9	30.0	24.8

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 is 6.2%, 5.9%, 5.5%, 5.7% and 5.1% per annum for the years ended 31st March 2002, 2003 and 2004 and the three months ended 30th June 2003 and 2004, respectively.

Notes to Financial Information (continued)

8 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:

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Fees (i)	0.2	0.2	0.2	—	—
Salaries, housing allowances and benefits in kind (ii)	19.5	25.1	23.7	2.9	6.7
	<u>19.7</u>	<u>25.3</u>	<u>23.9</u>	<u>2.9</u>	<u>6.7</u>

- (i) Fees paid by the Company to Independent Non-executive Directors.
- (ii) Other emoluments paid to executive Directors include HK\$11.5 million, HK\$12.7 million, HK\$13.0 million, HK\$2.2 million and HK\$5.2 million for the years ended 31st March 2002, 2003 and 2004 and the three months ended 30th June 2003 and 2004, respectively, paid by subsidiaries of Asia Standard and HK\$2.0 million, HK\$8.5 million, HK\$5.7 million, HK\$0.7 million and HK\$1.5 million for the years ended 31st March 2002, 2003 and 2004 and the three months ended 30th June 2003 and 2004, respectively, paid by subsidiaries of Asia Standard Hotel Group Limited ("Asia Standard Hotel"), both being the company's listed subsidiaries.

The emoluments of individual Directors fell within the following bands:

Emolument band	Number				
	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
HK\$nil — HK\$1,000,000	2	2	2	6	6
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	2	2	2	—	—
HK\$3,000,001 — HK\$3,500,000	1	—	2	—	—
HK\$3,500,001 — HK\$4,000,000	—	1	—	—	—
HK\$4,000,001 — HK\$4,500,000	—	1	—	—	—
HK\$4,500,001 — HK\$5,000,000	—	—	—	—	1
HK\$9,500,001 — HK\$10,000,000	1	—	—	—	—
HK\$12,000,001 — HK\$12,500,000	—	—	1	—	—
HK\$12,500,001 — HK\$13,000,000	—	1	—	—	—

During the Relevant Periods, none of the Directors have waived the right to receive their emoluments.

Notes to Financial Information (continued)

8 Directors' and senior management's emoluments (continued)

(b) The five highest paid individuals in the Group for the Relevant Periods were also Directors and their emoluments are already reflected in the analysis presented above.

9 Staff costs

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Wages and salaries	103.1	100.4	90.0	18.3	24.1
Retirement benefits costs (note (a))	<u>3.0</u>	<u>3.0</u>	<u>2.9</u>	<u>0.5</u>	<u>0.5</u>
	106.1	103.4	92.9	18.8	24.6
Capitalised under properties under development	<u>(5.1)</u>	<u>(2.5)</u>	<u>(1.4)</u>	<u>(0.4)</u>	<u>(0.3)</u>
	<u>101.0</u>	<u>100.9</u>	<u>91.5</u>	<u>18.4</u>	<u>24.3</u>

Staff costs are stated inclusive of Directors' emoluments.

Notes:

(a) Retirement benefits costs

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Gross contributions	3.5	3.4	3.1	0.5	0.6
Forfeitures utilised	<u>(0.5)</u>	<u>(0.4)</u>	<u>(0.2)</u>	<u>—</u>	<u>(0.1)</u>
Net contributions	<u>3.0</u>	<u>3.0</u>	<u>2.9</u>	<u>0.5</u>	<u>0.5</u>

The Group participates in three types of defined contribution schemes for employees, namely the Mandatory Provident Fund ("MPF") Scheme and Occupational Retirement Scheme Ordinance ("ORSO") Scheme in Hong Kong and Canada Pension Plan ("CPP") in Canada.

In Hong Kong, the Group participates in several defined contribution schemes under the ORSO which are available to employees joining before 1st December 2000. Under these schemes, contribution of 5% of the employee's monthly salaries are made by the employees and by the Group. The Group's contributions may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

Notes to Financial Information (continued)

9 Staff costs (continued)

The Group also participates in the MPF scheme, which is available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% and 4.7% respectively for the year ended 31st March 2002, and 5% and 4.95% respectively for the years ended 31st March 2003 and 2004 and the three months ended 30th June 2003 and 2004 of the employee's relevant income in accordance with the local legislative requirements.

The Group's contributions to all these schemes are expensed as incurred. The assets of all these retirement schemes are held separately from those of the Group in independently administered funds.

Forfeitures of HK\$0.3 million are available at 31 March 2002 to reduce the Group's future contributions to the ORSO schemes. No forfeiture is available at 31st March 2003 and 2004 and 30th June 2004.

(b) Share options

The Company and Asia Standard, a listed subsidiary, operate share option schemes whereby options may be granted to employees of the Group, including the executive Directors, to subscribe for shares of the Company and Asia Standard respectively. No cost is recognised in the accounts in respect of these options. Unless indicated otherwise, these options are vested and exercisable from the respective date of grant to the respective expiry date. The consideration to be paid on each grant of option varied between HK\$1 and HK\$10.

Details of share options held are as follows:

Grantee	Date of grant	Expiry date	Exercise price	Year ended 31st March			3 months ended 30th June	
				2002	2003	2004	2003	2004
				Number	Number	Number	Number	Number
<i>Company</i>								
Directors	14th March 2000	13th February 2010	HK\$17.33	1,200,000	1,200,000	—	1,200,000	—
Directors	12th February 2004	11th February 2014	HK\$3.3	—	—	6,872,000	—	6,872,000
<i>Former Director of Asia Standard</i>								
Standard	14th March 2000	21st January 2004	HK\$17.33	300,000	300,000	—	300,000	—
Employees	14th March 2000	13th February 2010	HK\$17.33	<u>3,750,000</u>	<u>3,750,000</u>	<u>—</u>	<u>3,750,000</u>	<u>—</u>
				<u>5,250,000</u>	<u>5,250,000</u>	<u>6,872,000</u>	<u>5,250,000</u>	<u>6,872,000</u>
<i>Asia Standard</i>								
Director	27th February 1995 [†]	27th March 2005	HK\$0.384	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>

[†] Options are exercisable from 27th March 1995.

Except for during the year ended 31st March 2004, 6,872,000, 4,950,000 and 300,000 options to subscribe for shares of the Company were granted, cancelled and lapsed respectively, no share option was granted, exercised, cancelled nor lapsed during the Relevant Periods.

Notes to Financial Information (continued)

10 Taxation (credit)/charge

Hong Kong profits tax has been provided at the rate of 16% for the years ended 31st March 2002 and 2003 and 17.5% for the year ended 31st March 2004 and the three months ended 30th June 2003 and 2004 on the estimated assessable profit for the year/period. Except for during the year ended 31st March 2004 and the three months ended 30th June 2004, the Hong Kong government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004, there were no changes in the profits tax rate during the Relevant Periods. Taxation on overseas profits has been calculated on the estimated assessable profit for the year/period at the rates of taxation prevailing in the countries in which the Group operates.

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm
Current taxation					
Hong Kong profits tax	0.4	0.1	0.2	—	0.1
Overseas tax	2.3	—	—	—	—
(Over)/under provisions in prior years	(0.8)	1.8	(0.9)	(0.2)	(0.1)
Deferred taxation					
Relating to the origination and reversal of temporary differences	(44.4)	(3.8)	0.1	1.9	3.5
Resulting from an increase in tax rate	—	—	(2.2)	(2.2)	—
	(42.5)	(1.9)	(2.8)	(0.5)	3.5
Share of taxation attributable to					
Jointly controlled entities	—	—	0.3	0.2	36.4
Associated companies	1.0	1.2	1.6	0.3	0.3
	<u>(41.5)</u>	<u>(0.7)</u>	<u>(0.9)</u>	<u>—</u>	<u>40.2</u>

The taxation on the Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

Notes to Financial Information (continued)

10 Taxation (credit)/charge (continued)

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
(Loss)/profit before taxation	(358.7)	(505.2)	(302.0)	(63.3)	186.1
Calculated at a taxation rate of 16% for the years ended 31st March 2002 and 2003 and 17.5% for the year ended 31st March 2004 and the 3 months ended 30th June 2003 and 2004	(57.4)	(80.8)	(52.9)	(11.1)	32.6
(Over)/under provisions in prior years	(0.8)	1.8	(0.9)	(0.2)	(0.1)
Effect of different taxation rates in other countries	(2.4)	(0.4)	(0.8)	0.6	—
Income not subject to taxation	(15.7)	(7.9)	(15.2)	(1.2)	(4.1)
Expenses not deductible for taxation purposes	35.6	73.1	55.7	10.3	7.4
Tax losses not recognised	17.9	15.4	18.6	5.2	4.9
Utilisation of previously unrecognised tax losses	(3.4)	(3.2)	(5.2)	(0.8)	(0.1)
Recognition of previously unrecognised tax losses	(14.3)	(0.4)	(1.8)	(1.6)	—
Derecognition of deferred tax assets	—	—	3.8	0.3	—
Increase in opening net deferred tax assets resulting from an increase in tax rate	—	—	(2.0)	(2.0)	—
Others	(1.0)	1.7	(0.2)	0.5	(0.4)
Taxation (credit)/charge	<u>(41.5)</u>	<u>(0.7)</u>	<u>(0.9)</u>	<u>—</u>	<u>40.2</u>

11 Dividend

No dividend was declared or proposed during the Relevant Periods.

12 (Loss)/earnings per share

The calculation of (loss)/earnings per share is based on loss attributable to shareholders of HK\$127.3 million, HK\$373.7 million, HK\$228.2 million, HK\$46.2 million for the years ended 31st March 2002, 2003 and 2004 and the three months ended 30th June 2003, respectively, and profit attributable to shareholder of HK\$67.8 million for the three months ended 30th June 2004, on the weighted average of 149.8 million shares, 149.8 million shares, 153.2 million shares, 149.8 million shares and 173.5 million shares in issue during the years ended 31st March 2002, 2003 and 2004 and the 3 months ended 30th June 2003 and 2004, respectively.

No diluted loss per share is presented for the years ended 31st March 2002, 2003 and 2004 and the 3 months ended 30th June 2003 as the exercise of subscription rights attached to the share options and the conversion of the convertible notes and bonds would not have a dilutive effect on the loss per share. For the 3 months ended 30th June 2004, the

Notes to Financial Information (continued)

12 (Loss)/earnings per share (continued)

calculation of diluted earnings per share is based on profit attributable to shareholders of HK\$67.8 million plus after tax interest savings of HK\$6.8 million less increased minority interests' share of the profit of HK\$15.6 million to HK\$59 million and the weighted average number of 173.5 million shares in issue during the period plus 26.3 million shares deemed to be in issue assuming the convertible notes and bonds had been converted to 199.8 million shares.

13 Fixed assets

	Investment properties <i>HK\$'m</i>	Hotel properties <i>HK\$'m</i>	Other properties <i>HK\$'m</i>	Properties under development <i>HK\$'m</i>	Other fixed assets <i>HK\$'m</i>	Total <i>HK\$'m</i>
Group						
Cost or valuation						
At 31st March 2001	1,534.7	1,838.0	151.1	1,139.7	66.3	4,729.8
Translation differences	—	(5.2)	—	—	(0.3)	(5.5)
Acquisition of a subsidiary	—	—	—	—	2.4	2.4
Additions	0.7	1.0	—	152.9	3.6	158.2
Disposals	—	—	—	—	(1.7)	(1.7)
Disposal of subsidiaries	—	—	—	—	(6.4)	(6.4)
Transfer upon completion	—	1,249.5	—	(1,249.5)	—	—
(Deficit)/surplus on revaluation	(66.4)	137.7	(14.3)	—	—	57.0
At 31st March 2002	1,469.0	3,221.0	136.8	43.1	63.9	4,933.8
Accumulated depreciation and impairment						
At 31st March 2001	—	—	1.4	—	48.6	50.0
Translation differences	—	—	—	—	(0.2)	(0.2)
Acquisition of a subsidiary	—	—	—	—	1.9	1.9
Charge for the year	—	—	0.3	—	6.7	7.0
Disposals	—	—	—	—	(0.5)	(0.5)
Disposal of subsidiaries	—	—	—	—	(3.9)	(3.9)
At 31st March 2002	—	—	1.7	—	52.6	54.3
Net book value						
At 31st March 2002	1,469.0	3,221.0	135.1	43.1	11.3	4,879.5
At 31st March 2001	1,534.7	1,838.0	149.7	1,139.7	17.7	4,679.8

Notes to Financial Information (continued)

13 Fixed assets (continued)

	Investment properties <i>HK\$'m</i>	Hotel properties <i>HK\$'m</i>	Other properties <i>HK\$'m</i>	Properties under development <i>HK\$'m</i>	Other fixed assets <i>HK\$'m</i>	Total <i>HK\$'m</i>
Group						
Cost or valuation						
At 31st March 2002	1,469.0	3,221.0	136.8	43.1	63.9	4,933.8
Translation differences	—	29.6	—	—	—	29.6
Reclassification	32.4	—	(32.4)	—	—	—
Additions	1.1	0.6	—	—	0.2	1.9
Disposals	—	—	—	—	(5.9)	(5.9)
Cost adjustment	—	(6.7)	—	(0.6)	—	(7.3)
Elimination against cost on revaluation	—	—	(3.3)	—	—	(3.3)
Deficit on revaluation	<u>(220.7)</u>	<u>(233.9)</u>	<u>(15.4)</u>	<u>—</u>	<u>—</u>	<u>(470.0)</u>
At 31st March 2003	<u>1,281.8</u>	<u>3,010.6</u>	<u>85.7</u>	<u>42.5</u>	<u>58.2</u>	<u>4,478.8</u>
Accumulated depreciation and impairment						
At 31st March 2002	—	—	1.7	—	52.6	54.3
Charge for the year	—	—	3.6	—	6.2	9.8
Disposals	—	—	—	—	(5.9)	(5.9)
Elimination against cost on revaluation	—	—	(3.3)	—	—	(3.3)
At 31st March 2003	<u>—</u>	<u>—</u>	<u>2.0</u>	<u>—</u>	<u>52.9</u>	<u>54.9</u>
Net book value						
At 31st March 2003	<u>1,281.8</u>	<u>3,010.6</u>	<u>83.7</u>	<u>42.5</u>	<u>5.3</u>	<u>4,423.9</u>
At 31st March 2002	<u>1,469.0</u>	<u>3,221.0</u>	<u>135.1</u>	<u>43.1</u>	<u>11.3</u>	<u>4,879.5</u>

Notes to Financial Information (continued)

13 Fixed assets (continued)

	Investment properties <i>HK\$'m</i>	Hotel properties <i>HK\$'m</i>	Other properties <i>HK\$'m</i>	Properties under development <i>HK\$'m</i>	Other fixed assets <i>HK\$'m</i>	Total <i>HK\$'m</i>
Group						
Cost or valuation						
At 31st March 2003	1,281.8	3,010.6	85.7	42.5	58.2	4,478.8
Translation differences	—	44.5	—	—	—	44.5
Reclassification	75.0	—	(75.0)	—	—	—
Additions	—	—	—	—	0.3	0.3
Disposals	—	—	—	—	(8.1)	(8.1)
Cost adjustment	—	0.9	—	(0.2)	—	0.7
Elimination against cost on revaluation	—	—	(0.2)	—	—	(0.2)
Surplus on revaluation	<u>66.2</u>	<u>111.5</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>177.7</u>
At 31st March 2004	<u>1,423.0</u>	<u>3,167.5</u>	<u>10.5</u>	<u>42.3</u>	<u>50.4</u>	<u>4,693.7</u>
Accumulated depreciation and impairment						
At 31st March 2003	—	—	2.0	—	52.9	54.9
Charge for the year	—	—	0.4	—	3.6	4.0
Disposals	—	—	—	—	(8.0)	(8.0)
Elimination against cost on revaluation	—	—	(0.2)	—	—	(0.2)
At 31st March 2004	<u>—</u>	<u>—</u>	<u>2.2</u>	<u>—</u>	<u>48.5</u>	<u>50.7</u>
Net book value						
At 31st March 2004	<u>1,423.0</u>	<u>3,167.5</u>	<u>8.3</u>	<u>42.3</u>	<u>1.9</u>	<u>4,643.0</u>
At 31st March 2003	<u>1,281.8</u>	<u>3,010.6</u>	<u>83.7</u>	<u>42.5</u>	<u>5.3</u>	<u>4,423.9</u>

Notes to Financial Information (continued)

13 Fixed assets (continued)

	Investment properties	Hotel properties	Other properties	Properties under development	Other fixed assets	Total
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Group						
Cost or valuation						
At 31st March 2004	1,423.0	3,167.5	10.5	42.3	50.4	4,693.7
Translation differences	—	(10.8)	—	—	—	(10.8)
Additions	—	—	—	—	0.1	0.1
At 30th June 2004	1,423.0	3,156.7	10.5	42.3	50.5	4,683.0
Accumulated depreciation and impairment						
At 31st March 2004	—	—	2.2	—	48.5	50.7
Charge for the period	—	—	0.1	—	0.2	0.3
At 30th June 2004	—	—	2.3	—	48.7	51.0
Net book value						
At 30th June 2004	1,423.0	3,156.7	8.2	42.3	1.8	4,632.0
At 31st March 2004	1,423.0	3,167.5	8.3	42.3	1.9	4,643.0

- (a) Investment properties comprise long term leasehold land and buildings of HK\$1,469.0 million, HK\$1,281.8 million, HK\$1,423.0 million and HK\$1,423.0 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively in Hong Kong. They were revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 31st March 2002, 2003 and 2004, respectively.
- (b) Hotel properties comprise long term leasehold land and buildings situated in Hong Kong of HK\$1,480.0 million, HK\$1,350.0 million, HK\$1,400.0 million and HK\$1,400.0 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, medium term leasehold land and buildings in Hong Kong of HK\$1,400.0 million, HK\$1,290.0 million, HK\$1,350.0 million and HK\$1,350.0 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, and freehold land and buildings situated in Canada of HK\$341.0 million, HK\$370.6 million, HK\$417.5 million and HK\$406.7 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively. The hotel properties in Hong Kong and Canada were revalued by Knight Frank Hong Kong Limited and Grant Thornton Management Consultants, independent professional valuers, on an open market value basis as at 31st March 2002, 2003 and 2004, respectively.

Notes to Financial Information (continued)

13 Fixed assets (continued)

- (c) Included in other properties is a long term leasehold property stated at valuation of HK\$121.0 million and HK\$75.2 million at 31st March 2002 and 2003, respectively. The property was revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 31st March 2002 and 2003, respectively. The carrying amount would have been HK\$89.3 million and HK\$70.5 million respectively had it been stated at cost less accumulated depreciation. At 31st March 2004, the gross floor area ("GFA") for internal use of that long term leasehold property had decreased to less than 15% of the total GFA of the property. Therefore, the portion previously classified as other properties has been transferred to investment properties. Also included in other properties are long term leasehold land and buildings of HK\$4.6 million, HK\$2.8 million, HK\$2.4 million and HK\$2.4 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, and medium term leasehold land and buildings of HK\$9.5 million, HK\$5.7 million, HK\$5.9 million and HK\$5.8 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, both of which are stated at cost less accumulated depreciation and impairment. All these properties are located in Hong Kong.
- (d) Properties under development comprise long term leasehold land and buildings of HK\$43.1 million, HK\$42.5 million, HK\$42.3 million and HK\$42.3 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, 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\$4,868.2 million, HK\$4,418.6 million, HK\$4,638.7 million and HK\$4,627.8 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively.

14 Subsidiaries

	Company			
	At 31st March		At 30th June	
	2002	2003	2004	2004
	<i>HK\$ 'm</i>	<i>HK\$ 'm</i>	<i>HK\$ 'm</i>	<i>HK\$ 'm</i>
Unlisted shares, at cost	2,823.6	2,823.6	2,823.6	2,823.6
Amounts due by subsidiaries less provisions	<u>1,553.1</u>	<u>906.6</u>	<u>794.2</u>	<u>794.5</u>
	<u>4,376.7</u>	<u>3,730.2</u>	<u>3,617.8</u>	<u>3,618.1</u>

The shares in a subsidiary are pledged to secure loan facilities granted to the Group.

The amounts receivable are unsecured, interest free and have no fixed terms of repayments.

Notes to Financial Information (continued)

14 Subsidiaries (continued)

As at 30th June 2004, the Company had direct and indirect interests in the principal subsidiary companies set out below:

(Unless indicated otherwise, they are private companies, 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 Hotel Group Limited +	HK\$101,042,000	Investment holding	40.2
Asia Standard International Group Limited +	HK\$41,093,000	Investment holding	52.8
<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	52.8
Enrich Enterprises Ltd #	US\$1	Hotel holding	40.2
Finnex Limited	US\$1	Securities investment	100
Global Gateway Corp. #	US\$1	Hotel operation	40.2
Glory Venture Enterprises Inc. #	US\$1	Hotel holding	40.2
Goldrite Investments Limited	US\$1	Investment holding	52.8
Greatime Limited	US\$1	Securities investment	40.2
Impetus Holdings Limited	US\$1	Investment holding	100
Innovision Gateway Limited	US\$1	Investment holding	100
Jetcom Capital Limited	US\$1	Investment holding	100
Master Venture Limited	US\$1	Property development	52.8
Mega Fusion Limited	US\$1	Investment holding	100
New Day Holdings Ltd.	US\$1	Investment holding	100
Persian Limited	US\$49,050	Investment holding	100
Sunrich Holdings Limited	US\$1	Securities investment	100
Superise Limited	US\$1	Research and development of healthcare food and beverage	100
Telemail Group Inc.	US\$1	Investment holding	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	52.8

Notes to Financial Information (continued)

14 Subsidiaries (continued)

Name	Issued and fully paid ordinary share capital except otherwise stated	Principal activity	Percentage of equity held by the Group %
<i>Incorporated in Hong Kong</i>			
Asia Orient Company Limited	US\$26,964,837	Investment holding	100
Good Year Engineering Services Limited	HK\$2	Engineering and maintenance services	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
Prosperity Land Cleaning Service Limited	HK\$100 and non- voting deferred share capital of HK\$100	Cleaning services	100
Prosperity Land Estate Management Limited	HK\$150 and non- voting deferred share capital of HK\$1,500,000	Property management	100
Union Home Development Limited	HK\$2	Investment holding	100
Asia Standard (Beijing) Company Limited	HK\$2	Investment holding	52.8
Asia Standard Development (Holdings) Limited	HK\$10 and non-voting deferred share capital of HK\$362,892,949	Investment holding	52.8
Asia Standard Development (Real Estate Agencies) Limited	HK\$2	Real estate agency services	52.8
Asia Standard Finance Company Limited	HK\$1,000,000	Financing services	52.8
Asia Standard International Limited	HK\$1,214,916,441	Investment holding	52.8
Asia Standard Management Services Limited	HK\$2	Management services	52.8
Asia Standard Project Management Company Limited	HK\$2	Project management	52.8
Barinet Company Limited	HK\$1,000	Property development	52.8
Crystal Rich Limited	HK\$2	Property development	52.8
Free Ocean Investments Limited	HK\$2	Property development	52.8
Full Union Development Limited	HK\$2	Property development	52.8
Get Rich Enterprises Limited	HK\$2	Property development	42.3
Glory Ocean Limited	HK\$2	Property development	52.8
Goodview Express Holdings Limited	HK\$2	Property trading	52.8

Notes to Financial Information (continued)

14 Subsidiaries (continued)

Name	Issued and fully paid ordinary share capital except otherwise stated	Principal activity	Percentage of equity held by the Group %
Grace Profit Enterprises Limited	HK\$2	Investment holding	40.2
Hoi Chak Properties Limited	HK\$10 and non-voting deferred share capital of HK\$2	Property investment	52.8
Honest Engineering Limited	HK\$100	Construction	42.3
Hugetop Holdings Limited	HK\$2	Property development	52.8
JBC Travel Company Limited	HK\$2,500,000	Travel agency	40.2
Kelpoint Limited	HK\$2	Property development	52.8
Mark Honour Limited	HK\$10	Property development	47.5
Master Asia Enterprises Limited	HK\$10,000	Property development	52.8
Mega Royal Limited	HK\$2	Property development	52.8
Morning Gay Investments Limited	HK\$100	Property development	52.8
Ocean Victory Investment Limited	HK\$2	Property trading	52.8
Paramount Shine Limited	HK\$2	Property development	52.8
Perfect Wave Limited	HK\$2	Restaurant operation	40.2
Rich Kinghood Limited	HK\$2	Property development	52.8
Stone Pole Limited	HK\$10	Hotel holding	40.2
Tilpifa Company Limited	HK\$10 and non-voting deferred share capital of HK\$10,000	Property investment	52.8
Trade Hope Limited	HK\$2	Property development	52.8
Union Rich Resources Limited	HK\$2	Property development	42.3
Vinstar Development Limited	HK\$2	Hotel holding	40.2
Waliway Limited	HK\$100	Property holding	52.8
Way Link Holdings Limited	HK\$2	Property trading	47.5
Winfast Engineering Limited	HK\$2	Construction	52.8
<i>Incorporated in Liberia</i>			
Bassindale Limited	US\$500	Investment holding	100

+ Listed in Hong Kong

* Direct subsidiary of the Company

Operates in Canada

Notes to Financial Information (continued)

15 Jointly controlled entities

	Group			
	At 31st March		At 30th June	
	2002	2003	2004	2004
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
Share of net liabilities	(139.8)	(175.0)	(130.4)	(124.1)
Goodwill less amortisation and impairment	101.1	80.9	40.7	35.6
Advances to jointly controlled entities less provisions	369.4	375.1	357.5	241.6
Amount due to a jointly controlled entity	<u>(4.4)</u>	<u>(4.4)</u>	<u>(4.4)</u>	<u>(4.4)</u>
	<u>326.3</u>	<u>276.6</u>	<u>263.4</u>	<u>148.7</u>

The shares in certain jointly controlled entities are pledged to secure loan facilities granted to those entities. Advances to jointly controlled entities of HK\$230.8 million, HK\$265.7 million, HK\$261.0 million and HK\$nil at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, are subordinated to the repayment of the loans of those jointly controlled entities.

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

Notes to Financial Information (continued)

15 Jointly controlled entities (continued)

Details of the principal jointly controlled entities as at 30th June 2004 are as follows:

(Unless indicated otherwise, they are private companies incorporated and operates in Hong Kong and are indirectly held by the Group.)

Name	Issued and fully paid ordinary share capital except otherwise stated	Principal activity	Percentage of equity held by the Group %
Auburntown Limited	HK\$1,000	Property development	15.8
Bai Hui Real Estate Company Limited*	HK\$1,000	Investment holding	12.4
Capital Pacific Development Limited*	HK\$1,000,000	Investment holding	26.4
China INFOBANK Limited*	HK\$27,000,000	Internet content provider	40.0
Cultural Palace Entertainment Company Limited #* (incorporated in the People's Republic of China ("PRC"))	US\$4,750,000	Leasing of an entertainment complex	25.0
Express Wind Limited	HK\$10,000	Investment holding	25.0
Fresh Outlook Property Limited * (incorporated in the British Virgin Islands)	US\$2	Investment holding	50.0
Goldmax International Limited (incorporated in the British Virgin Islands)	US\$1,000	Investment holding	26.5
Ocean Champion Development Limited	HK\$10,000	Property development	26.4
Sheenity Enterprises Limited	HK\$10,000	Property development	26.4
Weststar Enterprises Limited	HK\$2	Property development	26.5
Wideway Limited	HK\$2	Financing services	26.4
北京康標科技有限公司 †*	RMB1,311,923	Investment and distribution of medical equipment	34.5
(incorporated in the PRC)			
漁陽房地產開發(深圳)有限公司 (Yuyang Property Development (Shenzhen) Co., Limited) †*△ (incorporated in the PRC)	RMB40,000,000	Property development	13.9

* Not audited by PricewaterhouseCoopers

Cooperative Joint Venture operates in the PRC

† Wholly-owned Foreign Enterprise operates in the PRC

△ English name for identification purpose only

Notes to Financial Information (continued)

16 Associated companies

	Group			
	At 31st March		At 30th June	
	2002	2003	2004	2004
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
Share of net assets/(liabilities)	94.2	(70.1)	(92.1)	(91.6)
Goodwill less amortisation and impairment	65.5	82.2	88.2	79.7
Advances to associated companies less provisions	537.9	578.5	511.3	511.4
Deposit on acquisition of an associated company	—	121.0	—	—
Amounts due to associated companies	<u>(21.9)</u>	<u>(51.2)</u>	<u>(51.1)</u>	<u>(51.2)</u>
	<u>675.7</u>	<u>660.4</u>	<u>456.3</u>	<u>448.3</u>
Market value of listed shares	<u>58.0</u>	<u>12.0</u>	<u>42.0</u>	<u>20.0</u>

The shares in certain associated companies are pledged to secure the loan facilities granted to those companies. Advances to associated companies of HK\$372.6 million, HK\$416.8 million, HK\$345.7 million and HK\$nil at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, are subordinated to the repayment of the loans of those companies.

Advances to associated companies are made mainly to finance property development projects. Except for an amount due from an associated company of HK\$3.0 million, HK\$0.1 million, HK\$8.6 million and HK\$8.7 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, which is interest bearing at prime rate, the remaining amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment.

Notes to Financial Information (continued)

16 Associated companies (continued)

Details of the principal associated companies as at 30th June 2004 are as follows:

(Unless indicated otherwise, they are private companies incorporated and operates in Hong Kong and are indirectly held by the Group.)

Name	Issued and fully paid ordinary share capital except otherwise stated	Principal activity	Percentage of equity held by the Group %
Bai Hui Group Company Limited*	HK\$100	Investment management	18.5
Excel Billion Holdings Limited	HK\$2	Property development	26.4
Gallop Worldwide Limited* (incorporated in the British Virgin Islands)	US\$2	Investment holding	26.4
Home Kent Enterprise Limited	HK\$2	Property development	26.4
Ocean Strong Industrial Limited	HK\$2	Property development	26.4
Perfect Pearl Company Limited*	HK\$11,000	Property investment	17.4
Sheen Finance Limited	HK\$2	Financing services	26.4
Super Location Limited	HK\$2	Property development	26.4
Q9 Technology Holdings Limited*+ (incorporated in the Cayman Islands)	HK\$12,463,500	Investment holding	32.0
Vitalin Asia Limited*	HK\$10,000	Distribution of health care and beauty products	17.5
美聲節能科技(珠海)有限公司 (American Velocity of Sound Energy Save Technology (Zhuhai) Limited) #*△ (incorporated in the PRC)	HK\$2,000,000	Distribution of energy saving devices	20.0

+ Listed in Hong Kong

* Not audited by PricewaterhouseCoopers

Wholly-owned Foreign Enterprise operates in the PRC

△ English name for identification purposes only

Notes to Financial Information (continued)

17 Long term investment

	Group			
	2002	At 31st March		2004
	2003	At 30th June		2004
	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm
Unlisted share, at cost	—	—	—	—
Advance to an investee company, less provision	1.0	1.6	1.6	—
	<u>1.0</u>	<u>1.6</u>	<u>1.6</u>	<u>—</u>

Advance to an investee company is unsecured, interest free and has no fixed terms of repayment.

18 Goodwill

	Group			
	2002	At 31st March		2004
	2003	At 30th June		2004
	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm
Cost				
At beginning of year/period	—	29.3	44.6	44.6
Acquisition of a subsidiary	33.5	20.0	—	—
Cost adjustment (note)	(4.2)	(4.7)	—	—
	<u>29.3</u>	<u>44.6</u>	<u>44.6</u>	<u>44.6</u>
At end of the year/period	-----	-----	-----	-----
Accumulated amortisation				
At beginning of year/period	—	2.9	7.3	13.7
Charge for the year/period	2.9	4.4	6.4	1.6
	<u>2.9</u>	<u>7.3</u>	<u>13.7</u>	<u>15.3</u>
At end of the year/period	-----	-----	-----	-----
Net book value	<u>26.4</u>	<u>37.3</u>	<u>30.9</u>	<u>29.3</u>

Note:

On 6 April 2001, the Group acquired the entire share capital of JBC Travel Company Limited ("JBC") at consideration of HK\$36 million from Hong Kong Enterprise International Limited, a company owned by Mr. Poon Jing, a Director of the Company.

Mr. Poon Jing had provided a guarantee to the Group that the net profit before interest and taxation of JBC as stated in the audited accounts of JBC for the year ended 31st March 2002 and 2003 should not be less than HK\$5.0 million for each of such respective years. The net profit before interest and taxation of JBC for the years ended 31st March 2002 and 2003 was HK\$0.9 million and HK\$0.3 million respectively. Accordingly, Mr. Poon Jing was required to pay an amount equal to the shortfall of HK\$4.2 million and HK\$4.7 million respectively to the Group. The amount receivable of HK\$4.1 million and HK\$4.6 million was included under debtors at 31st March 2002 and 2003 respectively (note 21).

Notes to Financial Information (continued)**19 Mortgage loans receivable**

Mortgage loans receivable of HK\$40.8 million, HK\$16.4 million, HK\$14.5 million and HK\$14.1 million in aggregate at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, in aggregate were pledged as security for the Group's long term loans.

20 Properties held for/under development for sale and completed properties held for sale

Properties amounting to HK\$1,343.5 million, HK\$1,478.6 million, HK\$1,416.4 million and HK\$1,421.0 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, were pledged to banks to secure certain banking facilities of the Group.

Properties that were carried at net realisable values were HK\$842.3 million, HK\$830.5 million, HK\$721.7 million and HK\$716.2 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, and properties held for deployment in operating leases were HK\$611.5 million, HK\$516.2 million, HK\$538.2 million and HK\$522.2 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively.

21 Debtors and prepayments

Debtors and prepayments include trade debtors, utility and other deposits, stakeholders' accounts, interest and other receivables and a housing loan of HK\$1.2 million, HK\$1.2 million, HK\$1.1 million and HK\$1.1 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, 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 at 31st March 2002, 2003 and 2004 and 30th June 2004 per annum and the principal is repayable by quarterly instalments of HK\$17,000 each. The maximum outstanding balance during the years/period was HK\$1.3 million, HK\$1.2 million, HK\$1.2 million and HK\$1.1 million for the years ended 31st March 2002, 2003 and 2004 and 3 months ended 30th June 2004, respectively. At 31st March 2002 and 2003, there was also a receivable from a Director, Mr. Poon Jing of HK\$4.1 million and HK\$4.6 million respectively which related to a guarantee provided by Mr. Poon in respect of the net profit before interest and taxation of a subsidiary acquired by the Group from him (note 18).

At 31st March 2002, 2003 and 2004 and 30th June 2004, trade debtors amounted to HK\$56.0 million, HK\$33.3 million, HK\$37.9 million and HK\$50.4 million, respectively, of which 87%, 81%, 100% and 100% were aged under six months respectively. 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.

Notes to Financial Information (continued)

22 Other investments

	Group			
	At 31st March		At 30th June	
	2002	2003	2004	2004
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
Equity securities				
Listed in Hong Kong	174.9	139.2	78.4	69.1
Listed overseas	16.2	4.0	7.3	5.2
Unlisted	<u>51.9</u>	<u>8.2</u>	<u>1.7</u>	<u>0.9</u>
	243.0	151.4	87.4	75.2
Debt securities	<u>157.3</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
	<u>400.3</u>	<u>155.9</u>	<u>91.9</u>	<u>79.7</u>

23 Bank balances and cash

The balances include restricted bank balances of HK\$8.3 million, HK\$33.9 million, HK\$32.6 million and HK\$26.6 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, which are pledged to banks to secure certain banking facilities of the Group or required to be utilised for specific purposes. In addition, at 31st March 2002, 2003 and 2004 and 30th June 2004, bank balances of HK\$29.7 million, HK\$30.6 million, HK\$32.5 million and HK\$32.4 million are held in trust in respect of buildings managed by the Group on behalf of third parties.

24 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. At 31st March 2002, 2003 and 2004 and 30th June 2004, trade creditors amounted to HK\$48.6 million, HK\$30.8 million, HK\$26.0 million and HK\$65.4 million, respectively, of which 100%, 100%, 100% and 99% were aged under six months respectively.

25 Share capital

	Number of shares <i>(in millions)</i>	Amount <i>HK\$'m</i>
Shares of HK\$0.005 each at 31st March 2002 and HK\$0.1 each at 31st March 2003 and 2004 and 30th June 2004		
Authorised:		
At 31st March 2001 and 2002	15,000	75
Decrease due to share consolidation (note (a))	<u>(14,250)</u>	<u>—</u>
At 31st March 2003 and 2004 and 30th June 2004	<u>750</u>	<u>75</u>

Notes to Financial Information (continued)

25 Share capital (continued)

	Number of shares (in millions)				Amount			
	At 31st March		At 30th June		At 31st March			At 30th June
	2002	2003	2004	2004	2002	2003	2004	2004
					HK\$'m	HK\$'m	HK\$'m	HK\$'m
Issued and fully paid:								
At beginning of the year/period	7,491.3	7,491.3	149.8	173.5	37.5	37.5	15.0	17.4
Decrease due to share consolidation (note (a))	—	(7,341.5)	—	—	—	(22.5)	—	—
Conversion of convertible notes (note (b))	—	—	23.7	—	—	—	2.4	—
At end of the year/period	<u>7,491.3</u>	<u>149.8</u>	<u>173.5</u>	<u>173.5</u>	<u>37.5</u>	<u>15.0</u>	<u>17.4</u>	<u>17.4</u>

Notes:

- (a) By ordinary and special resolutions passed on 11th November 2002:
- (i) The Company's issued and unissued shares capital of HK\$0.005 each were consolidated on the basis of 50 shares into 1 share of HK\$0.25 ("Consolidated Share");
 - (ii) The paid up capital and nominal value of all the issued Consolidated Shares were reduced from HK\$0.25 per issued Consolidated Share to HK\$0.10 per new share by the cancellation of HK\$0.15 paid up capital on each issued Consolidated Share;
 - (iii) The sum of HK\$22,474,000 arising from the capital reduction on the basis of 7,491,321,498 shares in issue, which were consolidated into 149,826,429 new shares, was credited to the contributed surplus account of the Company; and
 - (iv) Each of the 150,173,570 unissued Consolidated Shares was subdivided into 2.5 new shares; and the authorised share capital was restored from HK\$52,526,000 divided into 525,260,354 new shares to HK\$75,000,000 divided into 750,000,000 new shares by the creation of 224,739,646 new unissued shares.
- (b) During the year ended 31st March 2004, holders of HK\$28.4 million convertible notes of the Company exercised the conversion rights attaching to the notes by converting those notes into shares of the Company at HK\$1.20 per share.

Notes to Financial Information (continued)

26 Reserves

	Revaluation reserve							Total HK\$'m
	Share premium	Capital reserve	Investment properties	Hotel properties	Other properties	Contributed surplus	Revenue reserve	
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	
Group								
At 31st March 2001	1,391.3	476.5	100.7	108.1	23.0	980.2	(239.8)	2,840.0
Translation differences	—	—	—	(0.3)	—	—	0.1	(0.2)
Release of goodwill upon deemed disposal of an associated company	—	9.4	—	—	—	—	—	9.4
Exchange reserve released on liquidation of a subsidiary	—	—	—	—	—	—	4.9	4.9
Surplus/(deficit) on revaluation								
Company and subsidiaries								
Gross	—	—	(35.4)	60.9	(7.6)	—	—	17.9
Taxation	—	—	—	1.1	—	—	—	1.1
Associated companies	—	—	(3.5)	—	—	—	—	(3.5)
Loss for the year	—	—	—	—	—	—	(127.3)	(127.3)
As at 31st March 2002	<u>1,391.3</u>	<u>485.9</u>	<u>61.8</u>	<u>169.8</u>	<u>15.4</u>	<u>980.2</u>	<u>(362.1)</u>	<u>2,742.3</u>
Company and subsidiaries	1,391.3	485.9	48.8	169.8	15.4	980.2	(100.1)	2,991.3
Jointly controlled entities	—	—	—	—	—	—	(117.0)	(117.0)
Associated companies	—	—	13.0	—	—	—	(145.0)	(132.0)
At 31st March 2002	<u>1,391.3</u>	<u>485.9</u>	<u>61.8</u>	<u>169.8</u>	<u>15.4</u>	<u>980.2</u>	<u>(362.1)</u>	<u>2,742.3</u>

Notes to Financial Information (continued)

26 Reserves (continued)

	Share premium	Capital reserve	Revaluation reserve			Contributed surplus	Revenue reserve	Total
			Investment properties	Hotel properties	Other properties			
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	
Group								
At 31st March 2002	1,391.3	485.9	61.8	169.8	15.4	980.2	(362.1)	2,742.3
Translation differences	—	—	—	0.3	—	—	6.7	7.0
Increase due to share consolidation (Note 25 (a))	—	—	—	—	—	22.5	—	22.5
Reclassification	—	—	10.0	—	(10.0)	—	—	—
Deficit on revaluation								
Company and subsidiaries								
Gross	—	—	(117.8)	(94.0)	(5.4)	—	—	(217.2)
Taxation	—	—	—	(0.1)	—	—	—	(0.1)
Associated companies	—	—	(28.2)	—	—	—	—	(28.2)
Deficit on revaluation transfer to profit and loss account								
Company and subsidiaries	—	—	59.0	—	—	—	—	59.0
Associated companies	—	—	15.2	—	—	—	—	15.2
Loss for the year	—	—	—	—	—	—	(373.7)	(373.7)
As at 31st March 2003	<u>1,391.3</u>	<u>485.9</u>	<u>—</u>	<u>76.0</u>	<u>—</u>	<u>1,002.7</u>	<u>(729.1)</u>	<u>2,226.8</u>
Company and subsidiaries	1,391.3	485.9	—	76.0	—	1,002.7	(254.1)	2,701.8
Jointly controlled entities	—	—	—	—	—	—	(178.5)	(178.5)
Associated companies	—	—	—	—	—	—	(296.5)	(296.5)
At 31st March 2003	<u>1,391.3</u>	<u>485.9</u>	<u>—</u>	<u>76.0</u>	<u>—</u>	<u>1,002.7</u>	<u>(729.1)</u>	<u>2,226.8</u>

Notes to Financial Information (continued)

26 Reserves (continued)

	Share premium	Capital reserve	Revaluation reserve			Contributed surplus	Revenue reserve	Total
			Investment properties	Hotel properties	Other properties			
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	
Group								
At 31st March 2003	1,391.3	485.9	—	76.0	—	1,002.7	(729.1)	2,226.8
Translation differences	—	—	—	0.5	—	—	9.6	10.1
Conversion of convertible notes	26.0	—	—	—	—	—	—	26.0
Disposal of interest in a listed subsidiary	—	(6.2)	—	(0.9)	—	—	0.9	(6.2)
Surplus on revaluation								
Company and subsidiaries								
Gross	—	—	35.0	44.8	—	—	—	79.8
Taxation	—	—	—	(0.2)	—	—	—	(0.2)
Associated companies	—	—	7.7	—	—	—	—	7.7
Surplus on revaluation transfer to profit and loss account								
Company and subsidiaries	—	—	(35.0)	—	—	—	—	(35.0)
Associated companies	—	—	(7.7)	—	—	—	—	(7.7)
Loss for the year	—	—	—	—	—	—	(228.2)	(228.2)
As at 31st March 2004	<u>1,417.3</u>	<u>479.7</u>	<u>—</u>	<u>120.2</u>	<u>—</u>	<u>1,002.7</u>	<u>(946.8)</u>	<u>2,073.1</u>
Company and subsidiaries	1,417.3	479.7	—	120.2	—	1,002.7	(313.2)	2,706.7
Jointly controlled entities	—	—	—	—	—	—	(224.0)	(224.0)
Associated companies	—	—	—	—	—	—	(409.6)	(409.6)
At 31st March 2004	<u>1,417.3</u>	<u>479.7</u>	<u>—</u>	<u>120.2</u>	<u>—</u>	<u>1,002.7</u>	<u>(946.8)</u>	<u>2,073.1</u>

Notes to Financial Information (continued)

26 Reserves (continued)

	Share premium <i>HK\$'m</i>	Capital reserve <i>HK\$'m</i>	Revaluation reserve			Contributed surplus <i>HK\$'m</i>	Revenue reserve <i>HK\$'m</i>	Total <i>HK\$'m</i>
			Investment properties <i>HK\$'m</i>	Hotel properties <i>HK\$'m</i>	Other properties <i>HK\$'m</i>			
Group								
At 31st March 2004	1,417.3	479.7	—	120.2	—	1,002.7	(946.8)	2,073.1
Translation differences	—	—	—	(0.1)	—	—	(2.4)	(2.5)
Profit for the period	—	—	—	—	—	—	67.8	67.8
At 30th June 2004	<u>1,417.3</u>	<u>479.7</u>	<u>—</u>	<u>120.1</u>	<u>—</u>	<u>1,002.7</u>	<u>(881.4)</u>	<u>2,138.4</u>
Company and subsidiaries	1,417.3	479.7	—	120.1	—	1,002.7	(240.7)	2,779.1
Jointly controlled entities	—	—	—	—	—	—	(222.9)	(222.9)
Associated companies	—	—	—	—	—	—	(417.8)	(417.8)
At 30th June 2004	<u>1,417.3</u>	<u>479.7</u>	<u>—</u>	<u>120.1</u>	<u>—</u>	<u>1,002.7</u>	<u>(881.4)</u>	<u>2,138.4</u>

At 31st March 2002, 2003 and 2004 and 30th June 2004, the capital reserve included goodwill of HK\$37.7 million which arose from acquisitions prior to 31st March 2001.

	Share premium <i>HK\$'m</i>	Contributed surplus <i>HK\$'m</i>	Revenue reserve <i>HK\$'m</i>	Total <i>HK\$'m</i>
Company				
At 31st March 2001	1,391.3	2,815.8	78.4	4,285.5
Loss for the year	—	—	(6.1)	(6.1)
At 31st March 2002	1,391.3	2,815.8	72.3	4,279.4
Increase due to share consolidation (note 25(a))	—	22.5	—	22.5
Loss for the year	—	—	(646.4)	(646.4)
At 31st March 2003	1,391.3	2,838.3	(574.1)	3,655.5
Conversion of convertible notes	26.0	—	—	26.0
Loss for the year	—	—	(112.8)	(112.8)
At 31st March 2004	1,417.3	2,838.3	(686.9)	3,568.7
Loss for the period	—	—	(0.2)	(0.2)
At 30th June 2004	<u>1,417.3</u>	<u>2,838.3</u>	<u>(687.1)</u>	<u>3,568.5</u>

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\$2,888.1 million, HK\$2,264.2 million, HK\$2,151.4 million and HK\$2,151.2 million as at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively.

Notes to Financial Information (continued)**27 Convertible bonds**

On 7th January 2002, Asia Standard International Capital Limited ("ASICL"), a wholly owned subsidiary of Asia Standard, issued HK\$290 million convertible bonds to Westrata Investment Limited ("Westrata"), a substantial shareholder of Asia Standard. The bonds bear interest at 7% per annum payable semi-annually in arrears and are guaranteed by Asia Standard. In March 2003, the bond had been transferred from Westrata to Grosvenor Limited ("Grosvenor"), an indirect subsidiary of Grosvenor Group Limited.

Grosvenor has the option to convert the bonds into fully paid shares of HK\$0.01 each of Asia Standard at a conversion price of HK\$0.45 per share, subject to adjustment, at any time between 7th January 2002 and 7th January 2007. ASICL may redeem all or part of the bonds at any time on or after 7th January 2002, subject to certain conditions, together with accrued interest. Unless previously converted or redeemed, the bonds will be redeemed on 7th January 2007 at a redemption price equal to 118.3% of the principal amount together with accrued interest.

At 31st March 2002, 2003 and 2004 and 30th June 2004, provisions for the premium payable of HK\$2.4 million, HK\$13.1 million, HK\$23.7 million and HK\$26.4 million, respectively, have been made in the accounts so as to provide a constant periodic rate of charge to the profit and loss account over the term of the bonds.

28 Convertible notes

On 16th January 2001, the Company issued HK\$60 million convertible notes which bore interest at 5% per annum payable annually in arrears. Each holder of the notes had 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 16 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 repaid the outstanding principal amount of the convertible notes together with accrued interest on 16th January 2003.

On 16th January 2003, the Company issued HK\$60 million new convertible notes which bear interest at 5% per annum payable annually in arrears. Each holder of the notes has the option to convert the notes into fully paid shares of HK\$0.10 each of the Company at (a) HK\$1.10 per share from the date of issue of the convertible notes and (b) HK\$1.20 per share after the first anniversary of the date of issue of the convertible notes to the business date last preceding the second anniversary of the date of issue of the convertible notes. The Company shall repay the outstanding principal amount of the convertible notes together with accrued interest on the business date last preceding the second anniversary of the date of issue of the convertible notes. Save for repayment upon maturity, the convertible notes cannot be redeemed. Convertible notes of HK\$60.0 million were outstanding at 31st March 2003. During the year ended 31st March 2004, HK\$28.4 million of these convertible notes were converted into fully paid shares of the Company at HK\$1.20 per share, with HK\$31.6 million of these convertible notes remain outstanding at 31st March 2004 and 30th June 2004. The remaining HK\$31,600,000 convertible notes were subsequently converted into fully paid shares of the Company during the period between September and November 2004.

On 15th April 2003, Asia Standard Hotel completed a placing of convertible notes of the principal amount of HK\$46.0 million, which bears interest at Hong Kong prime rate per annum payable semi-annually in arrears. Each holder of the notes has the option to convert the notes into fully paid shares of HK\$0.02 each of Asia Standard Hotel at a conversion price of HK\$0.25 per share, subject to adjustment, at any time from the date of issue to the last business date preceding the maturity date of 18 months from the date of issue. Asia Standard Hotel shall redeem the outstanding principal amount of convertible notes not already converted or redeemed with accrued interest on the maturity date. Subsequently, during the period between July and October 2004, Asia Standard Hotel fully redeemed all the outstanding principal amount of convertible notes.

Notes to Financial Information (continued)

29 Long term loans

	Group			
	2002	At 31st March		At 30th June
	2003	2004	2004	2004
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
Bank loans:				
Secured	2,767.4	2,511.2	2,347.6	2,294.3
Unsecured	—	—	—	28.0
	<u>2,767.4</u>	<u>2,511.2</u>	<u>2,347.6</u>	<u>2,322.3</u>
The analysis of the bank loans is as follows:				
Repayable within one year	314.1	316.0	118.4	125.6
Repayable between one and two years	313.7	509.4	145.2	147.2
Repayable between two and five years	936.0	660.2	751.4	771.1
Repayable after five years	<u>1,203.6</u>	<u>1,025.6</u>	<u>1,332.6</u>	<u>1,278.4</u>
	2,767.4	2,511.2	2,347.6	2,322.3
Current portion included in current liabilities	<u>(314.1)</u>	<u>(316.0)</u>	<u>(118.4)</u>	<u>(125.6)</u>
	<u>2,453.3</u>	<u>2,195.2</u>	<u>2,229.2</u>	<u>2,196.7</u>

Subsequent to each of the year end but before each of the date of approval of the accounts of 31st March 2002, 2003 and 2004, and subsequent to the period end of 30th June 2004 but before the date of this report, the Group refinanced bank loans outstanding of approximately HK\$125 million, HK\$118 million, HK\$1,469 million and HK\$120 million, respectively. The terms of repayment in respect of these bank loans have been reclassified according to the new loan agreements. As a result, the amounts of liabilities which have been excluded from current liabilities amount to approximately HK\$15 million, HK\$115 million, HK\$65 million and HK\$81 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively.

Notes to Financial Information (continued)

30 Deferred taxation

Deferred taxation are calculated in full on temporary differences under the liability method using a principal taxation rate of 16% at 31st March 2002 and 2003 and 17.5% at 31st March 2004 and 30th June 2004.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year/period is as follows:

Group

Deferred tax liabilities

	Accelerated tax depreciation		Revaluation of properties		Deferred assets		Fair value adjustments on acquisitions		Total											
	At 31st March 2003	At 30th June 2004	At 31st March 2003	At 30th June 2004	At 31st March 2003	At 30th June 2004	At 31st March 2003	At 30th June 2004	At 31st March 2003	At 30th June 2004										
	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm										
At beginning of the year/period	(49.0)	(76.4)	(87.4)	(105.6)	(4.8)	(2.0)	(2.2)	(3.0)	(1.3)	(1.2)	(0.9)	(0.7)	(191.4)	(57.3)	(46.2)	(51.3)	(246.5)	(136.9)	(136.7)	(160.6)
(Charged)/credited to profit and loss account	(27.4)	(10.6)	(15.7)	(2.5)	—	—	—	—	0.1	0.3	0.2	0.1	14.9	11.1	(5.1)	2.0	(12.4)	0.8	(20.6)	(0.4)
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	119.2	—	—	—	—	119.2	—	—
Charged to equity	—	—	—	—	—	(0.2)	(0.5)	—	—	—	—	—	—	—	—	—	—	—	(0.2)	(0.5)
Exchange differences	—	(0.4)	(2.5)	0.5	2.8	—	(0.3)	0.1	—	—	—	—	—	—	—	—	2.8	(0.4)	(2.8)	0.6
At end of the year/period	(76.4)	(87.4)	(105.6)	(107.6)	(2.0)	(2.2)	(3.0)	(2.9)	(1.2)	(0.9)	(0.7)	(0.6)	(57.3)	(46.2)	(51.3)	(49.3)	(136.9)	(136.7)	(160.6)	(160.4)

Notes to Financial Information (continued)

30 Deferred taxation (continued)

Deferred tax assets

	Accelerated accounting depreciation				Provisions				Tax losses				Total			
	At 31st March		At 30th June		At 31st March		At 30th June		At 31st March		At 30th June		At 31st March	At 30th June		
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004		
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m		
At beginning of the year/period	0.1	0.1	0.3	0.4	0.2	0.3	0.3	0.6	85.8	142.5	145.8	168.8	86.1	142.9	146.4	169.8
Credited/(charged) to profit and loss account	—	0.2	0.1	—	0.1	—	0.3	—	56.7	2.8	22.3	(3.1)	56.8	3.0	22.7	(3.1)
Exchange differences	—	—	—	—	—	—	—	—	—	0.5	0.7	—	—	0.5	0.7	—
At end of the year/period	0.1	0.3	0.4	0.4	0.3	0.3	0.6	0.6	142.5	145.8	168.8	165.7	142.9	146.4	169.8	166.7

Notes to Financial Information (continued)

30 Deferred taxation (continued)

Company

Deferred tax assets

	Tax losses			
	At 31st March		At 30th June	
	2002	2003	2004	2004
	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm
At beginning of the year/period	0.3	0.3	0.3	0.2
Charged to profit and loss account	—	—	(0.1)	(0.1)
At end of the year/period	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>	<u>0.1</u>

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group had unrecognised tax losses of HK\$322.0 million, HK\$345.5 million, HK\$433.9 million and HK\$472.7 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, to carry forward against future taxable income. These tax losses of HK\$281.0 million, HK\$294.0 million, HK\$364.0 million and HK\$404.3 million at 31st March 2002, 2003 and 2004 and 30th June 2004, respectively, have no expiry date and the balance will expire at various dates up to and including, 2009 at 31st March 2002, 2010 at 31st March 2003, 2011 at 31st March 2004, and 2012 at 30th June 2004.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

Group

	At 31st March		At 30th June	
	2002	2003	2004	2004
	HK\$ 'm	HK\$ 'm	HK\$ 'm	HK\$ 'm
Deferred tax assets	42.1	48.4	62.5	59.9
Deferred tax liabilities	<u>(36.1)</u>	<u>(38.7)</u>	<u>(53.3)</u>	<u>(53.6)</u>
	<u>6.0</u>	<u>9.7</u>	<u>9.2</u>	<u>6.3</u>

Notes to Financial Information (continued)

30 Deferred taxation (continued) (continued)

Company

	At 31st March		At 30th June	
	2002	2003	2004	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Deferred tax assets	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>	<u>0.1</u>

31 Minority interests and loans

Group

	At 31st March		At 30th June	
	2002	2003	2004	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Minority interests	2,574.5	2,179.3	2,245.0	2,319.3
Loans from minority shareholders of subsidiaries, unsecured	<u>111.2</u>	<u>111.3</u>	<u>106.9</u>	<u>107.7</u>
	<u>2,685.7</u>	<u>2,290.6</u>	<u>2,351.9</u>	<u>2,427.0</u>

Loans from minority shareholders are to finance property projects of subsidiaries and have no specific terms of repayment. At 31st March 2002, 2003 and 2004 and 30th June 2004, loans of HK\$80.4 million, HK\$83.5 million, HK\$86.6 million and HK\$87.3 million, respectively, bear interest at 1.5% above prime rate and the remaining balance is interest free.

32 Capital commitments

Group

	At 31st March		At 30th June	
	2002	2003	2004	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Contracted but not provided for	21.3	19.2	—	—
Authorised but not contracted for	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>21.3</u>	<u>19.2</u>	<u>—</u>	<u>—</u>

The Company had no significant commitments at 31st March 2002, 2003 and 2004 and 30th June 2004.

Notes to Financial Information (continued)

33 Operating lease arrangements

(a) Lessor

The Group leases out certain properties under operating leases which typically run for lease terms between 1 and 10 years.

The future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	Group			
	2002	At 31st March 2003	2004	At 30th June 2004
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
In respect of land and buildings:				
Within one year	63.9	56.8	56.8	57.4
In the second to fifth year inclusive	63.3	48.6	60.0	56.6
After the fifth year	<u>9.0</u>	<u>10.0</u>	<u>7.9</u>	<u>6.9</u>
	<u><u>136.2</u></u>	<u><u>115.4</u></u>	<u><u>124.7</u></u>	<u><u>120.9</u></u>

(b) Lessee

The future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	Group			
	2002	At 31st March 2003	2004	At 30th June 2004
	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>	<i>HK\$'m</i>
In respect of land and buildings:				
Within one year	7.7	6.4	3.1	5.2
In the second to fifth year inclusive	13.1	8.7	6.9	11.8
After the fifth year	<u>3.1</u>	<u>0.9</u>	<u>—</u>	<u>—</u>
	<u><u>23.9</u></u>	<u><u>16.0</u></u>	<u><u>10.0</u></u>	<u><u>17.0</u></u>

Subsequent to 31st March 2004, a subsidiary has renewed a lease agreement. As a result, at 31st March 2004 the future aggregate minimum lease payments payable within one year and in the second to fifth years inclusive should increase by HK\$2.1 million and HK\$5.8 million respectively.

Notes to Financial Information (continued)

34 Contingent liabilities

(a) Guarantee

	Group				Company			
	At 31st March		At 30th June		At 31st March		At 30th June	
	2002	2003	2004	2004	2002	2003	2004	2004
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Guarantees for the banking and loan facilities of:								
Subsidiaries	—	—	—	—	109.0	102.4	135.2	140.2
Jointly controlled entities	163.9	211.0	146.7	—	—	—	—	—
Associated companies	219.7	269.1	97.1	136.4	—	—	—	—
Third parties	<u>32.0</u>	<u>1.9</u>	<u>1.8</u>	<u>1.8</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>415.6</u>	<u>482.0</u>	<u>245.6</u>	<u>138.2</u>	<u>109.0</u>	<u>102.4</u>	<u>135.2</u>	<u>140.2</u>

- (b) In May 2003, the Group received a writ in which the plaintiff, a purchaser of a property developed by the Group in 1997, sought to claim damages and rescission of the sale and purchase transaction on the alleged grounds that the said property consideration had been grossly overvalued. The case was settled subsequent to 30th June 2004 (Section II).

Notes to Financial Information (continued)

35 Notes to consolidated cash flow statement

(a) Reconciliation of (loss)/profit before taxation to net cash generated from/(used in) operations

	Year ended 31st March			3 months ended 30th June	
	2002 HK\$ 'm	2003 HK\$ 'm	2004 HK\$ 'm	2003 HK\$ 'm	2004 HK\$ 'm
(Loss)/profit before taxation	(358.7)	(505.2)	(302.0)	(63.3)	186.1
Share of profits less losses of					
Jointly controlled entities	72.0	59.9	45.2	6.2	(202.9)
Associated companies	95.8	150.2	111.5	11.6	7.7
Depreciation	7.0	9.8	4.0	1.5	0.3
Amortisation of goodwill	2.9	4.4	6.4	1.6	1.6
Gain on deemed disposal of interest in a jointly controlled entity	(26.5)	—	—	—	—
Loss on disposal of interest in the Panyu development	8.8	—	—	—	—
Exchange reserve realised upon liquidation of a subsidiary	4.9	—	—	—	—
Gain on partial disposal of catering business	(4.1)	—	—	—	—
Loss on disposal of fixed assets	1.1	—	0.1	—	—
Loss on disposal of an associated company	—	—	9.1	—	—
Loss on disposal of interest in a listed subsidiary	—	—	8.2	—	—
Net realised and unrealised losses on other investments	13.3	87.3	24.0	16.3	14.7
Net provision for diminution in value of					
Properties under development/held for sale	122.3	136.1	20.1	1.8	6.9
Other properties	—	5.3	—	—	—
Provision for advance to an investee company	—	—	—	—	1.6
Revaluation deficit/(surplus) on investment properties	—	59.0	(35.0)	—	—
Negative goodwill recognised	—	—	(1.0)	(1.0)	—
Dividends from other investments	(0.9)	(2.6)	(1.2)	(1.0)	(0.1)
Interest income	(44.5)	(28.6)	(13.1)	(3.4)	(2.7)
Interest expense	107.9	132.6	111.4	28.6	23.4
Operating profit/(loss) before working capital changes	1.3	108.2	(12.3)	(1.1)	36.6
Decrease/(increase) in mortgage loans receivable	40.7	13.2	(12.8)	(2.7)	4.0
Decrease/(increase) in properties held for/under development for sale (excluding interest expense capitalised)	118.1	247.7	111.1	52.3	(22.2)
(Increase)/decrease in hotel and restaurant inventories	(0.3)	0.8	0.3	—	(0.1)
(Increase)/decrease in debtors and prepayments	(12.0)	101.7	(110.6)	(218.9)	(54.2)
Increase/(decrease) in creditors and accruals	3.9	(16.8)	30.2	22.7	(8.1)
Net cash generated from/(used in) operations	151.7	454.8	5.9	(147.7)	(44.0)

Notes to Financial Information (continued)

35 Notes to consolidated cash flow statement (continued)

(b) Acquisition of subsidiaries

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Net assets acquired					
Fixed assets	0.5	—	—	—	—
Investment in jointly controlled entities	101.2	—	—	—	—
Investment in associated companies	65.7	29.9	—	—	—
Debtors and prepayments	12.7	—	—	—	—
Bank balances and cash	20.7	—	—	—	—
Bank overdrafts	(8.4)	—	—	—	—
Creditors and accruals	(23.0)	(5.9)	—	—	—
Taxation	(0.1)	—	—	—	—
	169.3	24.0	—	—	—
Goodwill	33.5	20.0	—	—	—
Consideration satisfied by cash	202.8	44.0	—	—	—

Analysis of net outflow of cash and cash equivalents in connection with the acquisition of subsidiaries:

	Year ended 31st March			3 months ended 30th June	
	2002	2003	2004	2003	2004
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Cash consideration paid	202.8	44.0	—	—	—
Bank balances and cash acquired	(20.7)	—	—	—	—
Bank overdrafts acquired	8.4	—	—	—	—
	190.5	44.0	—	—	—

Notes to Financial Information (continued)

35 Notes to consolidated cash flow statement (continued)

(c) Disposal of subsidiaries

	Year ended 31st March			3 months ended	
	2002	2003	2004	30th June	
	HK\$ 'm	HK\$ 'm	HK\$ 'm	2003	2004
				HK\$ m	HK\$ 'm
Net assets disposed of					
Fixed assets	2.5	—	—	—	—
Properties held for/under development for sale	523.7	—	—	—	—
Debtors and prepayments	5.7	—	—	—	—
Bank balances and cash	5.5	—	—	—	—
Creditors and accruals	(30.9)	—	—	—	—
Taxation	(10.4)	—	—	—	—
Deferred taxation	(119.2)	—	—	—	—
Long term loans	(12.8)	—	—	—	—
Minority interests	(242.1)	—	—	—	—
	<u>122.0</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss on disposal of interest in the Panyu development	<u>(8.8)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash consideration received	<u>113.2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Analysis of net inflow of cash and cash equivalents in connection with the disposal of subsidiaries:

	Year ended 31st March			3 months ended	
	2002	2003	2004	30th June	
	HK\$ 'm	HK\$ 'm	HK\$ 'm	2003	2004
				HK\$ m	HK\$ 'm
Cash consideration received	113.2	—	—	—	—
Bank balances and cash disposed of	<u>(5.5)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>107.7</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Notes to Financial Information (continued)

35 Notes to consolidated cash flow statement (continued)

(d) Analysis of changes in financing

	Share capital (including premium) <i>HK\$'m</i>	Long term loans <i>HK\$'m</i>	Short term bank loans <i>HK\$'m</i>	Convertible bonds <i>HK\$'m</i>	Convertible notes <i>HK\$'m</i>	Minority interests and loans <i>HK\$'m</i>	Restricted bank balances <i>HK\$'m</i>	Total <i>HK\$'m</i>
At 31st March 2001	1,428.8	2,731.1	164.9	251.3	60.0	3,145.3	(49.7)	7,731.7
Minority interests' share of revaluation reserve	—	—	—	—	—	36.2	—	36.2
Minority interests' share of loss and exchange reserve of subsidiaries	—	—	—	—	—	(235.5)	—	(235.5)
Net decrease in interests in subsidiaries	—	—	—	—	—	(4.2)	—	(4.2)
Disposal of a subsidiary	—	(12.8)	—	—	—	(242.1)	—	(254.9)
Exchange differences	—	(2.9)	—	—	—	—	—	(2.9)
Net cash from/(used in) financing activities	—	52.0	68.3	38.7	—	(14.0)	41.4	186.4
At 31st March 2002	1,428.8	2,767.4	233.2	290.0	60.0	2,685.7	(8.3)	7,456.8
Minority interests' share of revaluation reserve	—	—	—	—	—	(272.1)	—	(272.1)
Minority interests' share of loss and exchange reserve of subsidiaries	—	—	—	—	—	(123.1)	—	(123.1)
Decrease due to the share consolidation	(22.5)	—	—	—	—	—	—	(22.5)
Exchange differences	—	12.6	—	—	—	—	—	12.6
Net cash (used in)/from financing activities	—	(268.8)	(101.1)	—	—	0.1	(25.6)	(395.4)
At 31st March 2003	1,406.3	2,511.2	132.1	290.0	60.0	2,290.6	(33.9)	6,656.3
Conversion of notes	28.4	—	—	—	(28.4)	—	—	—
Minority interests' share of revaluation reserve	—	—	—	—	—	105.3	—	105.3
Minority interests' share of loss and exchange reserve of subsidiaries	—	—	—	—	—	(58.6)	—	(58.6)
Net decrease of interest in a listed subsidiary	—	—	—	—	—	19.0	—	19.0
Exchange differences	—	17.1	—	—	—	—	—	17.1
Net cash (used in)/from financing activities	—	(180.7)	(9.6)	—	46.0	(4.4)	1.3	(147.4)
At 31st March 2004	<u>1,434.7</u>	<u>2,347.6</u>	<u>122.5</u>	<u>290.0</u>	<u>77.6</u>	<u>2,351.9</u>	<u>(32.6)</u>	<u>6,591.7</u>

Notes to Financial Information (continued)

35 Notes to consolidated cash flow statement (continued)

	Share capital (including premium) <i>HK\$'m</i>	Long term loans <i>HK\$'m</i>	Short term bank loans <i>HK\$'m</i>	Convertible bonds <i>HK\$'m</i>	Convertible notes <i>HK\$'m</i>	Minority interests and loans <i>HK\$'m</i>	Restricted bank balances <i>HK\$'m</i>	Total <i>HK\$'m</i>
At 31st March 2003	1,406.3	2,511.2	132.1	290.0	60.0	2,290.6	(33.9)	6,656.3
Minority interests' share of loss and exchange reserve of subsidiaries	—	—	—	—	—	(9.4)	—	(9.4)
Exchange differences	—	12.8	—	—	—	—	—	12.8
Net cash (used in)/from financing activities	—	(49.7)	1.2	—	46.0	0.8	2.4	0.7
At 30th June 2003	<u>1,406.3</u>	<u>2,474.3</u>	<u>133.3</u>	<u>290.0</u>	<u>106.0</u>	<u>2,282.0</u>	<u>(31.5)</u>	<u>6,660.4</u>
	Share capital (including premium) <i>HK\$'m</i>	Long term loans <i>HK\$'m</i>	Short term bank loans <i>HK\$'m</i>	Convertible bonds <i>HK\$'m</i>	Convertible notes <i>HK\$'m</i>	Minority interests and loans <i>HK\$'m</i>	Restricted bank balances <i>HK\$'m</i>	Total <i>HK\$'m</i>
At 31st March 2004	1,434.7	2,347.6	122.5	290.0	77.6	2,351.9	(32.6)	6,591.7
Minority interests' share of profit and exchange reserve of subsidiaries	—	—	—	—	—	74.3	—	74.3
Exchange differences	—	(3.8)	—	—	—	—	—	(3.8)
Net cash (used in)/from financing activities	—	(21.5)	(21.2)	—	—	0.8	6.0	(35.9)
At 30th June 2004	<u>1,434.7</u>	<u>2,322.3</u>	<u>101.3</u>	<u>290.0</u>	<u>77.6</u>	<u>2,427.0</u>	<u>(26.6)</u>	<u>6,626.3</u>

Notes to Financial Information (continued)**(II) SUBSEQUENT EVENTS**

- (a) On 18th October 2004, Asia Standard Development (Holdings) Limited, a wholly owned subsidiary of Asia Standard, entered into an agreement with Grosvenor Asset Management Limited (“GAML”), a substantial shareholder of Asia Standard, to sell GAML a subsidiary, which indirectly owns 50% interest in a development at Yau Kom Tau for a consideration of HK\$72.0 million. The transaction was completed on 8th December 2004.
- (b) In November 2004, the Group disposed of 80.0 million shares in Asia Standard for consideration of HK\$27.1 million in aggregate at a loss of approximately HK\$25 million. Thereafter, the Group’s shareholding in Asia Standard decreased from 52.8% to 50.9%.
- (c) As disclosed in Section I note 34(b), in May 2003, the Group received a writ in respect of which the plaintiff, a purchaser of a property developed by the Group in 1997, sought to claim damages and rescission of the sale and purchase transaction on the alleged grounds that the said property consideration had been grossly overvalued. In November 2004, both parties entered into an agreement under which the plaintiff withdrew their claims and agreed to refrain from commencing fresh legal proceedings against the Group on the above subject matter.

(III) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 30th June 2004.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

I. Unaudited Pro forma Consolidated Balance Sheet

The following is the unaudited pro forma consolidated balance sheet of Asia Orient Holdings Limited ("Asia Orient") assuming that the Disposal of 40.0 million shares in Asia Standard International Group Limited ("Asia Standard") at consideration of HK\$0.396 per share (being the ten days average closing price of the shares of Asia Standard prior to the date of the Announcement) had taken place on 31st March 2004. As a result of the Disposal, Asia Orient's interest in Asia Standard will be reduced from 50.9% to 49.9% and consequently Asia Standard will no longer be a subsidiary but an associated company of Asia Orient. The unaudited pro forma consolidated balance sheet was prepared based on the consolidated balance sheet of Asia Orient as at 31st March 2004 as set out in the accountants' report on Asia Orient in Appendix I to this circular.

The unaudited pro forma consolidated balance sheet was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of Asia Orient at any future date.

	Audited consolidated balance sheet of Asia Orient as at 31st March 2004 HK\$m	Pro forma adjustments (Section IV)				Unaudited pro forma consolidated balance sheet of Asia Orient after the Disposal HK\$m
		(a) HK\$m	(c) HK\$m	(d) HK\$m	(e) HK\$m	
Fixed assets	4,643.0	(4,643.0)				—
Jointly controlled entities	263.4	(214.0)				49.4
Associated companies	456.3	(357.9)	1,730.0			1,828.4
Long term investment	1.6	62.3				63.9
Goodwill	30.9	(16.9)				14.0
Mortgage loans receivable	40.2	(40.2)				—
Deferred tax assets	62.5	(55.4)				7.1
Current assets						
Properties held for/under development for sale	1,029.1	(1,029.1)				—
Completed properties held for sale	608.1	(608.1)				—
Hotel and restaurant inventories	2.6	(2.6)				—
Debtors and prepayments	329.0	(176.1)				152.9
Other investments	91.9	(70.2)				21.7
Tax recoverable	0.3	(0.2)				0.1
Bank balances and cash	157.4	27.1	(93.3)	15.7		106.9
	<u>2,218.4</u>					<u>281.6</u>

I. Unaudited Pro forma Consolidated Balance Sheet (continued)

	Audited consolidated balance sheet of Asia Orient as at 31st March 2004 HK\$m	Pro forma adjustments (Section IV)				Unaudited pro forma consolidated balance sheet of Asia Orient after the Disposal HK\$m
		(a) HK\$m	(c) HK\$m	(d) HK\$m	(e) HK\$m	
Current liabilities						
Creditors and accruals	305.9		(268.7)			37.2
Short term bank loans and overdrafts						
Secured	158.1		(23.0)			135.1
Unsecured	31.9		(31.9)			—
Convertible notes	77.6		(46.0)			31.6
Current portion of long term loans	118.4		(118.4)			—
Taxation	9.5		(9.5)			—
	<u>701.4</u>					<u>203.9</u>
Net current assets	<u>1,517.0</u>					<u>77.7</u>
Total assets less current liabilities	<u>7,014.9</u>					<u>2,040.5</u>
Convertible bonds	290.0		(290.0)			—
Long term loans	2,229.2		(2,229.2)			—
Deferred tax liabilities	53.3		(53.3)			—
Minority interests and loans	<u>2,351.9</u>	67.5	(2,411.0)			<u>8.4</u>
Net assets	<u>2,090.5</u>					<u>2,032.1</u>
Share capital	17.4					17.4
Revenue reserve	(946.8)	(17.4)		(6.5)		(970.7)
Other reserves	3,019.9	(23.0)		(11.5)		2,985.4
Shareholders' funds	<u>2,090.5</u>					<u>2,032.1</u>

II. Unaudited Pro forma Consolidated Profit and Loss Account

The following is the unaudited pro forma consolidated profit and loss account of Asia Orient assuming the Disposal had taken place on 1st April 2003. The unaudited pro forma consolidated profit and loss account was prepared based on the consolidated profit and loss account of Asia Orient for the year ended 31st March 2004 as set out in the accountants' report on Asia Orient in Appendix I to this circular.

The unaudited pro forma consolidated profit and loss account was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the results of Asia Orient for any future financial periods.

	Audited consolidated profit and loss account of Asia Orient for the year ended 31st March 2004	Pro forma adjustments (Section IV)				Unaudited pro forma consolidated profit and loss account of Asia Orient after the Disposal
		(b)	(c)	(d)	(f)	
		<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	
Turnover	767.4		(725.7)			41.7
Cost of sales	<u>(583.0)</u>		543.7			<u>(39.3)</u>
Gross profit	184.4					2.4
Administrative expenses	(127.1)		116.1			(11.0)
Provisions and other charges and income	<u>(84.7)</u>	(20.7)	95.0		(8.2)	<u>(18.6)</u>
Operating loss	(27.4)					(27.2)
Finance costs	(117.9)		106.8			(11.1)
Share of profits less losses of Jointly controlled entities	(45.2)		3.2			(42.0)
Associated companies	<u>(111.5)</u>		11.5	(72.0)		<u>(172.0)</u>
Loss before taxation	(302.0)					(252.3)
Taxation	<u>0.9</u>		(2.3)	1.2		<u>(0.2)</u>
Loss after taxation	(301.1)					(252.5)
Minority interests	<u>72.9</u>		72.9			<u>—</u>
Loss attributable to shareholders	<u><u>(228.2)</u></u>					<u><u>(252.5)</u></u>

III. Unaudited Pro forma Consolidated Cash Flow Statement

The following is the unaudited pro forma consolidated cash flow statement of Asia Orient assuming the Disposal had taken place on 1st April 2003. The unaudited pro forma consolidated cash flow statement was prepared based on the consolidated cash flow statement of Asia Orient for the year ended 31st March 2004 as set out in the accountants' report on Asia Orient in Appendix I to this circular.

The unaudited pro forma consolidated cash flow statement was prepared for illustrative purposes only and because of its nature, it may not give a true picture of the cash flows of Asia Orient for any future financial periods.

	Audited consolidated cash flow statement of Asia Orient for the year ended 31st March 2004	Pro forma adjustments (Section IV)				Unaudited pro forma consolidated cash flow statement of Asia Orient after the Disposal
		(b)	(c)	(d)	(f)	
		<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	
Cash flows from operating activities						
Loss before taxation	(302.0)	(20.7)	150.6	(72.0)	(8.2)	(252.3)
Share of profits less losses of						
Jointly controlled entities	45.2		(3.2)			42.0
Associated companies	111.5		(11.5)	72.0		172.0
Depreciation	4.0		(3.9)			0.1
Amortisation of goodwill	6.4		(2.4)			4.0
Loss on disposal of fixed assets	0.1		(0.1)			—
Loss on disposal of an associated company	9.1		(9.1)			—
Loss on disposal of interest in a listed subsidiary	8.2	20.7			8.2	37.1
Net realised and unrealised losses on other investments	24.0		—			24.0
Net provision for diminution in value of properties under development/held for sale	20.1		(20.1)			—
Revaluation surplus on investment properties	(35.0)					(35.0)
Negative goodwill recognised	(1.0)					(1.0)

III. Unaudited Pro forma Consolidated Cash Flow Statement (continued)

	Audited consolidated cash flow statement of Asia Orient for the year ended 31st March 2004 <i>HK\$m</i>	Pro forma adjustments (Section IV)				Unaudited pro forma consolidated cash flow statement of Asia Orient after the Disposal <i>HK\$m</i>
		(b)	(c)	(d)	(f)	
		<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	
Dividends from other investments	(1.2)		0.6			(0.6)
Interest income	(13.1)		5.6			(7.5)
Interest expense	<u>111.4</u>		(101.7)			<u>9.7</u>
Operating loss before working capital changes	(12.3)					(7.5)
Increase in mortgage loans receivable	(12.8)		12.8			—
Decrease in properties held for/under development for sale (excluding interest expense capitalised)	111.1		(111.1)			—
Decrease in hotel and restaurant inventories	0.3		(0.3)			—
Increase in debtors and prepayments	(110.6)		5.0			(105.6)
Increase in creditors and accruals	<u>30.2</u>		(21.3)			<u>8.9</u>
Net cash generated from/(used in) operations	5.9					(104.2)
Net tax refunded	0.4		(0.4)			—
Interest paid	<u>(124.6)</u>		104.3			<u>(20.3)</u>
Net cash used in operating activities	<u>(118.3)</u>					<u>(124.5)</u>

III. Unaudited Pro forma Consolidated Cash Flow Statement (continued)

	Audited consolidated cash flow statement of Asia Orient for the year ended 31st March 2004 HK\$m	Pro forma adjustments (Section IV)				Unaudited pro forma consolidated cash flow statement of Asia Orient after the Disposal HK\$m
		(b)	(c)	(d)	(f)	
		HK\$m	HK\$m	HK\$m	HK\$m	
Cash flows from investing activities						
Interest received	38.1		(6.8)		31.3	
Dividends received from other investments	1.2		(0.6)		0.6	
Proceeds on disposal of other investments	90.5		(72.5)		18.0	
Purchase of other investments	(50.5)		50.2		(0.3)	
Addition to fixed assets	(0.3)		0.3		—	
Proceeds on disposal of interest in a listed subsidiary	6.6	27.1		15.7	49.4	
Repurchase of own shares by a listed subsidiary	(0.9)		0.9		—	
Proceeds on disposal of an associated company	2.0		(2.0)		—	
Decrease in advances to associated company	90.8		(90.8)		—	
Acquisition of associated companies	(4.0)				(4.0)	
Acquisition of a jointly controlled entity	(11.6)		11.6		—	
Decrease/(increase) in advances to jointly controlled entities	17.6		(19.5)		(1.9)	
Net cash from investing activities	179.5				93.1	
Net cash generated/(used) before financing activities	61.2				(31.4)	

III. Unaudited Pro forma Consolidated Cash Flow Statement (continued)

	Audited consolidated cash flow statement of Asia Orient for the year ended 31st March 2004 HK\$m	Pro forma adjustments (Section IV)				Unaudited pro forma consolidated cash flow statement of Asia Orient after the Disposal HK\$m
		(b)	(c)	(d)	(f)	
		HK\$m	HK\$m	HK\$m	HK\$m	
Cash flows from financing activities						
Decrease in restricted bank balances	1.3		(1.2)		0.1	
Drawdown of long term bank loans	295.7		(295.7)		—	
Repayment of long term bank loans	(476.4)		476.4		—	
Issue of convertible notes	46.0		(46.0)		—	
Decrease in short term bank loans	(9.6)		(1.0)		(10.6)	
Decrease in loans from minority shareholders of subsidiaries	<u>(4.4)</u>		4.4		<u>—</u>	
Net cash used in financing activities	<u>(147.4)</u>				<u>(10.5)</u>	
Net decrease in cash and cash equivalents	(86.2)				(41.9)	
Cash and cash equivalents at beginning of the year	111.1		(58.4)		52.7	
Changes in exchange rates	<u>(0.1)</u>		0.1		<u>—</u>	
Cash and cash equivalents at end of the year	<u>24.8</u>				<u>10.8</u>	
Analysis of the balances of cash and cash equivalents						
Bank balances (excluding pledged deposits and balances held in trust)	92.3	27.1	(60.7)	15.7	74.4	
Bank overdrafts	<u>(67.5)</u>		3.9		<u>(63.6)</u>	
	<u>24.8</u>				<u>10.8</u>	

IV. Notes to Pro forma Financial Information

- (a) In November 2004, the Group disposed of 80.0 million shares of HK\$0.01 each in Asia Standard (the “November Disposal”), for considerations of HK\$27.1 million in aggregate, resulting in a decrease in the Group’s shareholding in Asia Standard from 52.8% as at 31st March 2004 to 50.9%. For the purpose of pro forma financial information, the November Disposal is included as a pro forma adjustment because the cumulative effect of the November Disposal and the Disposal would result in deconsolidation of Asia Standard. The adjustment reflects the loss on the November Disposal and the related effect on other reserves, assuming that the November Disposal had taken place on 31st March 2004.
- (b) The adjustment reflects the loss arising from the November Disposal and the related effect on other reserves, assuming that the November Disposal had taken place on 1st April 2003.
- (c) The adjustment reflects the exclusion of Asia Standard from consolidation upon the Disposal by Asia Orient when Asia Orient’s shareholding in Asia Standard is reduced from 50.9% to 49.9% and Asia Standard is reclassified from a subsidiary to an associated company.
- (d) The adjustment reflects Asia Standard being equity accounted for as a 49.9% associated company of Asia Orient.
- (e) The adjustment reflects cash considerations net of expenses directly attributable to the Disposal, the loss arising from the Disposal and the related effect on other reserves, assuming that the Disposal had taken place on 31st March 2004 at consideration of HK\$0.396 per share which is based on the ten days average closing price of the shares of Asia Standard prior to the date of Announcement, which may differ from the final consideration. The final sale price should equal to or exceed 90% of the average closing price of the Asia Standard Shares for the ten preceding trading days immediately prior to any sale of Asia Standard Shares for which approval of the Shareholders has been granted.
- (f) The adjustment reflects cash considerations net of expenses directly attributable to the Disposal and the loss arising from the Disposal, assuming that the Disposal had taken place on 1st April 2003.

B. LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the reporting accountants, PricewaterhouseCoopers, for the purpose of incorporation in this circular. As there is no specific guidance on the reporting on pro forma financial information under the Auditing Guidelines issued by the Hong Kong Institute of Certified Public Accountants, this report is prepared with reference to the Statement of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

21st December 2004

The Directors
Asia Orient Holdings Limited

Dear Sirs

We report on the unaudited pro forma financial information of Asia Orient Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 76 to 83 under the headings of “Unaudited Pro Forma Financial Information” in Appendix II of the Company’s circular dated 21st December 2004 in connection with the proposed possible disposal of approximately 40 million shares in Asia Standard International Group Limited (the “Disposal”). The unaudited pro forma financial information has been prepared by the Directors of the Company, for illustrative purposes only, to provide information on how the Disposal might have affected the relevant financial information of the Group.

Responsibilities

It is the sole responsibility of the Directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work with reference to the Statement of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

Our work does not constitute an audit or review in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information has been prepared on the bases set out on pages 76 to 83 for illustrative purpose only and, because of its nature, it may not be indicative of:

- the financial position of the Group at any future date, or
- the financial results and cash flows of the Group for any future periods.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29 of the Listing Rules.

Yours faithfully
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

1. INDEBTEDNESS

Below is an unaudited statement of indebtedness of Asia Orient Holdings Limited (“Asia Orient”) as at 30th November 2004.

As at the close of business on 30th November 2004, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$3,087.9 million, comprising bank loans and overdrafts of approximately HK\$2,688.5 million (in which secured bank loans are of approximately HK\$2,653.4 million and unsecured bank overdrafts and bank loans are of approximately HK\$10.4 million and HK\$24.7 million respectively), convertible bonds of HK\$290.0 million issued by Asia Standard International Capital Limited due on 7th January 2007, loans from minority shareholders of subsidiaries of approximately HK\$109.0 million and the obligations under finance leases of a total of approximately HK\$0.4 million. The aggregate amount repayable at 30th November 2004 is as follow:

	<i>HK\$'m</i>
Bank overdrafts repayable within one year or on demand	10.4
Bank loans repayable	
Within one year	245.1
Between one and two years	277.6
Between two and five years	942.8
After five years	<u>1,212.6</u>
	<u>2,678.1</u>
Convertible bonds repayable	
between two and five years	<u>290.0</u>
Loans from minority shareholders of subsidiaries	
repayable on demand	<u>109.0</u>
Obligation under finance leases repayable	
Within one year	0.1
Between one and two years	0.1
Between two and five years	<u>0.2</u>
	<u>0.4</u>
	<u><u>3,087.9</u></u>

The Group's current banking facilities are secured by legal charges on certain investment and hotel properties, properties held for/under development for sale and completed properties held for sale with an aggregate book value of approximately HK\$6,513.4 million, certain shares of listed subsidiaries quoted on the Stock Exchange with an aggregate market value of approximately HK\$1,033.0 million and bank deposit of approximately HK\$4.0 million as at 30th November 2004.

As at the close of business on 30th November 2004, the Group had provided corporate guarantees in respect of banking facilities to third parties and associated companies of the Group, amounting to approximately HK\$136.7 million.

Save as aforesaid, the Group did not have, at the close of business on 30th November 2004, any outstanding mortgages, charges, debentures, other loan capital, bank overdrafts, loans or other similar indebtedness, or any finance leases or hire purchase commitments, or any guarantees or other material contingent liabilities.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30th November 2004.

Saves as disclosed herein, the Directors have confirmed that there has been no material change in the indebtedness or contingent liabilities of the Group since 30th November 2004.

2. WORKING CAPITAL

The Directors are of the opinion that, based on the internal generated funds and available banking facilities, the Group will have sufficient working capital for its present requirements.

3. MATERIAL CHANGE

The Directors are not aware as at the Latest Practicable Date of any material adverse change in the financial or trading position or prospect of the Group since 31st March, 2004, the date to which the latest published audited financial statements of the Group were made up.

4. MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

Business of the remaining group

The Remaining Group will hold approximately 49.9% interest in Asia Standard which is engaged in investment and development of commercial and residential properties. Asia Standard also holds about 70% interest in Asia Standard Hotel Group Limited.

The Group has about 3% direct interest in Asia Standard Hotel Group Limited and through the 70% interest holding by Asia Standard, the Group has about 37.9% (direct and indirect) interest in Asia Standard Hotel Group Limited.

Asia Standard Hotel Group Limited is a company listed on the Stock Exchange. It owns three hotels of which two are in Hong Kong and one in Canada. It also operates JBC Travel Company Limited which is a travel agency company engaging in business of sale of airline ticket and hotel room packages. It also invests in and runs two franchised restaurants, TGI Friday restaurants, in Hong Kong and Shanghai.

The Group holds about 32% interest in Q9 which is a company listed on the Growth Enterprise Market of the Stock Exchange. The Q9 group is mainly engaged in designing and promoting an innovative Chinese character input method for use in telecommunications and other electronic appliances.

The Group also provides property management and cleaning services to commercial and residential buildings. It also holds other investments in business ventures in the information technology, healthcare and environment protection.

Results

Turnover for the year ended 31st March, 2004 amounted to HK\$767 million, representing a decrease of 37% from in the previous year. Loss attributable to Shareholders has reduced to HK\$228 million, compared with HK\$374 million in the previous year.

Review of operations

Property sales and leasing

The Group's shareholding in Asia Standard decreased slightly by 0.6% to 52.8% as at 31st March 2004. Although affected by the SARS outbreak, Asia Standard recorded a loss attributable to shareholders of HK\$142 million, much improved from last year's loss of HK\$277 million.

Asia Standard sold a total of 178,000 sq.ft. of properties against 150,200 sq.ft. in 2003. Property market showed a strong recovery during the second half of the 2004 financial year. Major sales were from the 50% owned luxury apartment No. 8 Shiu Fai Terrace and another 50% owned residential development Bijou Apartments. Total revenue from these two projects amounted to HK\$700 million and HK\$213 million respectively. Despite that, turnover on property sales dropped to HK\$168 million compared with HK\$470 million last year, as the turnover of these associated companies projects were excluded from the consolidated financial statement by accounting conventions. Inventory properties were also disposed of, including the remaining units of Oakridge in Shaukeiwan, and Royalton II in Pokfulam. Another 50.1% owned joint venture luxury development, Grosvenor Place in Repulse Bay was sold in April 2004 for HK\$940 million. The attributable profit of approximately HK\$90 million will be accounted for in the coming financial year. Rental income attributable to Asia Standard decreased by 10% compared with last year to HK\$65 million, mainly due to the declining rental market during the 2004 financial year. Occupancies remained high at an average of 86%. We believe the situation will improve upon renewal of these tenancies given the recovering market conditions.

With improving market sentiment, the Group has concluded land premium negotiations for two residential development sites totalling approximately 233,000 sq.ft. gross floor area in Ping Shan and Yau Tong. Construction work will commence shortly and we expect pre-sale to commence towards the end of the current financial year.

The Group is still pursuing the lease modifications and land premium negotiations for three other development sites totalling approximately 760,000 sq.ft. gross floor area and is also actively negotiating the acquisition of some residential development sites to replenish its land bank.

Hotel

Our hotel operations have experienced the worst operating environment since its commencement in 1994. Following the SARS outbreak at the beginning of the 2004 financial year, occupancy dropped drastically to a historic low and by the end of the interim period, turnover had fallen by 26% with a loss of HK\$19 million compared with HK\$9 million profit of the corresponding period the previous year.

With the SARS behind us and the much effort spent by the government including the signing of CEPA and the support of Mainland China in their Individual Visit Scheme, both leisure and business visitors are returning to Hong Kong. Occupancies of the two hotels in Hong Kong increased from 41% and 51% in the first half of the financial year to 84% and 88% in the second half. The business of Empire Landmark in Vancouver also declined but the effect was partially offset by the strengthening of the Canadian dollar. By the end of the 2004 financial year, the hotel subsidiary had narrowed the loss for the full year to HK\$12 million.

Investments

The 32% owned associate, Q9 succeeded in reversing its loss making trend since listing on the GEM board and recorded its first month operating profit in September 2003. Turnover for the year 2003 increased by 126% compared to year 2002. Steady progress have been made in securing orders from OEM manufacturers of mobile phones, desk-top phones and digital set-top boxes. In the first quarter 2004, Q9 signed two additional OEM licensing agreements and reported a 75% increase in turnover over the same period last year, while loss for the same period decreased by 80%. The company is making a good start towards the coming year.

The business activities of the Group's other investee companies in the medical and health and energy saving sectors were dampened during the 2004 financial year with the outbreak of SARS. Development progress were lagging behind the original business plan. The Group has made prudent provisions totalling HK\$67 million on impairment in values of these investments.

Financial review

At 31st March 2004, the Group's net asset value was HK\$2.09 billion compared with HK\$2.24 billion at 31st March 2003. During the year, HK\$28.4 million convertible notes of the Company were converted into ordinary shares, increasing the number of issued shares by 15.8%. Net asset value per share decreased from HK\$14.96 at 31st March 2003 to HK\$12.05 at 31st March 2004.

Gearing ratio is 62% (2003: 62%) with a net debt of HK\$2,748 million (2003: HK\$2,818 million) and shareholders' funds plus minority interests of HK\$4,442 million (2003: HK\$4,532 million). Finance costs were reduced by 15% compared with the previous year as a result of further interest rate drops.

All the Group's borrowings are in Hong Kong dollars except for the mortgage loan of the Vancouver hotel which is denominated in Canadian dollars. This loan is served by the Canadian dollars receipts of the hotel and so the exchange risk exposure is reduced. Over 86% (2003: 82%) of the Group's borrowings were repayable after one year, with repayment schedules spreading over a long period of time to over 10 years.

As at 31st March 2004, properties with an aggregate net book value of HK\$6,055 million (2003: HK\$5,897 million) were pledged to secure banking facilities of the Group. The Group has also provided guarantees to banks and financial institutions on credit facilities to jointly controlled entities, associated companies and third parties of HK\$246 million (2003: HK\$482 million).

Employees and remuneration policies

As at 31st March 2004, the Group employed a total of 635 full time employees, with over 54% working for the hotel subsidiary group and 36% for building management services. Their remuneration packages, which commensurate with their job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

Prospects

The property market eventually hit the bottom in the third quarter 2003 and started to pick up in the fourth quarter. It gained further momentum in first quarter 2004, especially in luxury residential and retail sector. Improving job market, ample liquidity, low mortgage interest rates continue to fuel the demand. The declining new supply of residential property in the current years suggests that prices should increase over the period. The Group is responding by actively replenishing its land bank holdings through various means and accelerating the progress of its existing projects. China's soaring economic growth create a burgeoning sector seeking higher quality products and accommodation, a reflection of driving for higher living standard. The Group will further move into the PRC market in the very near future.

The addition of more PRC cities to the Individual Visit Scheme boost Hong Kong's retail business and tourism. The measured hotel room supply in the coming several years guarantees a promising return, barring unforeseen circumstances.

5. FUTURE CHANGES IN ACCOUNTING POLICIES

Currently hotel properties are revalued annually based on independent professional valuation on an open market value basis and no depreciation is provided. Following the issuance of Statement of Standard Accounting Practice ("SSAP") Interpretation 23 "The Appropriate Policies for Hotel Properties" in October 2004 which is effective for accounting periods beginning on or after 1st January 2005, owner-operated hotel properties are required to be accounted for under SSAP 17 "Property, plant and equipment" (or Hong Kong Accounting Standard 16 "Property, plant and equipment" as applicable) and depreciation is to be applied retrospectively. The Group will adopt this new accounting policy in the next financial year ending 31st March 2006.

The following is the text of a report prepared by Vigers Appraisal & Consulting Limited. As described in the section headed “Documents available for inspection” in Appendix V, a copy of the following valuation report is available for inspection.

**Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants**

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong



21st December, 2004

The Board of Directors
Asia Orient Holding Limited
30th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Dear Sirs

Re: Valuation of Various Properties in Hong Kong and the People’s Republic of China

In accordance with your instructions for us to value the above property interest of Asia Standard International Group Limited and its subsidiaries (together referred to as the “Asia Standard Group”), we confirm that we have carried out an inspection, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of its value as at 30th September, 2004.

Our valuation represents our opinion of the open market value. We define open market value as — “the best price at which the sale of an interest in a property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

- (d) that no account is taken of any additional bid by a purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

Our valuation has been made on the assumptions that the owner sold the properties in the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to increase or decrease the values of the properties.

We have valued the property by direct comparison approach with reference to market comparables with due allowances for the differences between the comparables and the properties. Where appropriate, we have also valued the properties held for investment by capitalisation of the net rental income obtained from the property with allowances for reversionary income potential.

We have relied to a considerable extent on information provided by you and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings and rental income, development potential, development plans and schedules, site areas and floor areas and all other relevant matters. All dimensions, measurements and areas are approximate.

For all the properties in Hong Kong, we have carried out searches at the respective Land Registries. For the properties in the People’s Republic of China, we understand that no realty title certificates have been obtained for these properties. We have been given some of the relevant documents in relating to these properties in China. Our valuations of these properties in China assume that these properties have appropriate titles and are transferable. However, no legal opinions have been given to us on the validity of the ownership.

We have to stress that we have not been provided with the original copies of all the documents to verify their accuracy. In any events, we reserve the right to revise our valuations should there disclose any information which is in contravention to the information provided to us.

We have inspected the exterior of the properties. However, we have not carried out any structural surveys nor have we inspected woodworks or other parts of the structures of the properties which were covered, unexposed or inaccessible. We are therefore unable to report whether the properties were free from rot, infestation or any other defects.

We have not carried out any site surveys to determine the demarcation of the properties. In valuing the properties under developments and held for future developments. No test or investigations have been carried out to determine the stability or suitability of ground conditions nor factors which could delay completion of a development such as archaeological artifacts, contamination, ecological, or environmental considerations. Unless otherwise informed, our valuations assume that the sites are sound and no delays will occur in a construction schedule due to considerations relating to the sites, and that the grounds were not contaminated.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash, or any other deleterious material has been used in the construction of the properties. We are therefore unable to report that these properties were free from risk in this respect. For the purpose of this valuation, we have assumed that deleterious materials have not been used in the construction of these properties.

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties were free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

This valuation certificates are confidential to the client for the specific purpose of which it refers. It may be disclosed to other professional advisors assisting the client in respect of that purpose, but the client shall not disclose the certificate to any other person.

In accordance with our standard practise, this certificate is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of the contents of this certificate.

We enclose herewith our valuation certificates.

Yours faithfully
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED
Gilbert K.M. Yuen
MRICS MHKIS
Director

Note: Mr Gilbert K M Yuen, Chartered Surveyor, MHKIS MRICS has over fifteen years' experience in undertaken valuations of properties in Hong Kong and over 10 years' experience in valuation of properties in the People's Republic of China.

SUMMARY OF VALUES

Property	Capital Value in existing state as at 30th September, 2004	Interest attributable to the Asia Standard Group	Capital Value attributable to the Asia Standard Group as at 30th September, 2004
Group I: Property interests held for investment by the Asia Standard Group in Hong Kong			
1. Asia Standard Tower, Nos. 59-65 Queen's Road Central and Nos. 2-10 Li Yuen Street West, Central, Hong Kong	HK\$874,000,000	100%	HK\$874,000,000
2. The Goldmark, No. 502 Hennessy Road, Causeway Bay, Hong Kong	HK\$869,000,000	33%	HK\$286,770,000
3. Asia Orient Tower, Town Place, No. 33 Lockhart Road, Wanchai, Hong Kong	HK\$578,000,000	100%	HK\$578,000,000
4. The Whole of No. 8 Wing Hing Street, Causeway Bay, Hong Kong	HK\$314,000,000	100%	HK\$314,000,000
5. The Whole of No. 22 Pottinger Street, Central, Hong Kong	HK\$15,500,000	100%	HK\$15,500,000
	<hr/>		<hr/>
Sub-Total:	<u>HK\$2,650,500,000</u>		<u>HK\$2,068,270,000</u>

Property	Capital Value in existing state as at 30th September, 2004	Interest attributable to the Asia Standard Group	Capital Value attributable to the Asia Standard Group as at 30th September, 2004
Group II: Property interests under development held by the Asia Standard Group in Hong Kong			
6. No. 19 Sze Shan Street, Yau Tong, Kowloon, Hong Kong	HK\$433,000,000	100%	HK\$433,000,000
7. Nos. 238-242 Aberdeen Main Road, Aberdeen, Hong Kong	HK\$151,000,000	100%	HK\$151,000,000
8. Lot Nos. 2328RP, 2340A1, 2340A2, 2340A3, 2340A4RP, 2340A5RP, 2340A6RP, 2340RP, 2341, 2342A, 2342B1, 2342BRP, 2342CRP, 2342DRP, 2343A1, 2343ARP, 2343BRP in Demarcation District No. 124, Hung Shui Kiu, Yuen Long, New Territories, Hong Kong	HK\$256,000,000	80%	HK\$204,800,000
9. Lot No. 1738 in Demarcation District No. 122, Ping Shan, Yuen Long, New Territories, Hong Kong	HK\$57,800,000	100%	HK\$57,800,000
10. The Remaining Portion of Lot No. 531, The Remaining Portion of Section D of Lot No. 532, and The Remaining Portion of Lot No. 532 in Demarcation District No. 130, Lam Tei, Tuen Mun, New Territories, Hong Kong	HK\$43,000,000	100%	HK\$43,000,000
Sub-Total:	<u>HK\$940,800,000</u>		<u>HK\$889,600,000</u>

Property	Capital Value in existing state as at 30th September, 2004	Interest attributable to the Asia Standard Group	Capital Value attributable to the Asia Standard Group as at 30th September, 2004
Group III: Property interests held for future development by the Asia Standard Group in Hong Kong			
11. The Remaining Portion of Lot No. 114 in Demarcation District No. 106, Kam Tin South, Yuen Long, New Territories, Hong Kong	HK\$2,750,000	100%	HK\$2,750,000
12. Lot Nos. 706, 732, 710, 755, 759, 97 and 120 in Demarcation District No. 125, Ha Tsuen, Yuen Long, New Territories, Hong Kong	HK\$9,500,000	100%	HK\$9,500,000
13. Various Lots in Demarcation District No. 221, Sha Ha, Sai Kung, New Territories, Hong Kong	HK\$93,700,000	7.5%	HK\$7,027,500
14. Various Lots in Demarcation District No. 232, Mau Tin, Sai Kung, New Territories, Hong Kong	HK\$48,390,000	30%	HK\$14,517,000
15. The Remaining Portion of Lot No. 259 in Demarcation District No. 354, Yau Kom Tau, Tsuen Wan, New Territories, Hong Kong	HK\$236,000,000	16.7%	HK\$39,412,000
Sub-Total:	<u>HK\$390,340,000</u>		<u>HK\$73,206,500</u>

Property	Capital Value in existing state as at 30th September, 2004	Interest attributable to the Asia Standard Group	Capital Value attributable to the Asia Standard Group as at 30th September, 2004
Group IV: Unsold property interests held by the Asia Standard Group in Hong Kong			
16. Various units in China United Centre, No. 28 Marble Road, North Point, Hong Kong	HK\$218,000,000	80%	HK\$174,400,000
17. Flats E on 3/F and 30/F, Bijou Apartments, No. 157 Prince Edward Road West, Mongkok, Kowloon, Hong Kong	HK\$4,250,000	50%	HK\$2,125,000
18. Shops 2 & 6 on 1/F, Royal Jubilee, No. 88 San Shing Avenue, Sheung Shui, New Territories, Hong Kong	HK\$2,100,000	100%	HK\$2,100,000
19. Various residential and carparking units in Bayshore Apartments, No. 244 Aberdeen Main Road, Aberdeen, Hong Kong	HK\$24,860,000	90%	HK\$22,374,000
20. Flats B, C & E on 31/F, Li Chit Garden, No. 1 Li Chit Street, Wanchai, Hong Kong	HK\$5,000,000	100%	HK\$5,000,000
21. Flat B, 11/F, Miami Mansion, Nos. 13-15 Cleveland Street, Causeway Bay, Hong Kong	HK\$3,500,000	100%	HK\$3,500,000

Property	Capital Value in existing state as at 30th September, 2004	Interest attributable to the Asia Standard Group	Capital Value attributable to the Asia Standard Group as at 30th September, 2004
22. Flat A, 5/F, Block 1, Kam Fai Garden, No. 6 Wah Fat Road, Tuen Mun, New Territories, Hong Kong	HK\$770,000	100%	HK\$770,000
23. Car Parking Spaces Nos. 12-17, 19, 26, 27, 29 & 34 on Ground Floor, Swallow Garden, No. 68 San Wan Road, Fanling Wai, Fanling, New Territories, Hong Kong	HK\$1,100,000	100%	HK\$1,100,000
24. Car Parking Spaces Nos. G01-G03, G05-G11 on Ground Floor and Car Parking Space Nos. 112, 110, 111 and 116 on 1st Floor, The Oakridge, No. 88 Yiu Hing Road, Shaukeiwan, Hong Kong	HK\$3,900,000	100%	HK\$3,900,000
25. Car Parking Spaces Nos. 1-3, 58, 67, 68, 75, 77, 78, 80, 81, 95 and 97 on Ground Floor, Royal Knoll, No. 2 Chi Wing Close, Fanling, New Territories, Hong Kong	HK\$2,600,000	100%	HK\$2,600,000
Sub-Total:	<u>HK\$266,080,000</u>		<u>HK\$217,869,000</u>

Property	Capital Value in existing state as at 30th September, 2004	Interest attributable to the Asia Standard Group	Capital Value attributable to the Asia Standard Group as at 30th September, 2004
Group V: Unsold property interests held by the Asia Standard Group in the PRC			
26. 38 car parking spaces in Palace Apartment, Ya Bao Road, Chao Yang District, Beijing, The People's Republic of China	HK\$2,660,000	100%	HK\$2,660,000
27. Unit B, on Level 33, Tower B and Units A, B, C on Level 33, Tower C and Retail Podium on Level 1 to Level 4 and 163 car parking spaces on Basement 1 to Basement 3, Oriental Garden, Junction of Dongmen Central Road and Tongle Road, Luhu District, Shenzhen, The People's Republic of China	HK\$285,510,000	26.3%	HK\$75,089,130
Sub-Total:	<u>HK\$288,170,000</u>		<u>HK\$77,749,130</u>
Grand Total:	<u>HK\$4,535,890,000</u>		<u>HK\$3,326,694,630</u>

VALUATION CERTIFICATE

Group I: Property interests held for investment by the Asia Standard Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
1. Asia Standard Tower, Nos. 59-65 Queen's Road Central and Nos. 2-10 Li Yuen Street West, Central, Hong Kong	The property comprises a 23-storey plus a lower ground floor commercial building completed in about 1977. The site area of the building is approximately 727.09 sq.m. (7,826.36 sq.ft.).	According to the information provided by the Asia Standard Group, as at 30th September, 2004, except portion of the property having a total gross floor area of approximately 1,725.29 sq.m. (18,571 sq.ft.) which was vacant, the remaining areas of the property were let to various tenants with the latest tenancy to be expired on 30th November, 2007. The total monthly rent as at 30th September, 2004 was	HK\$874,000,000
Inland Lot Nos. 5148, 5149, 5150, 5151, 5152 and The Extensions Thereto, The Remaining Portion of Inland Lot No. 5153 and The Extension Thereto, Inland Lot Nos. 5185, 5186, 5187, 5188 and 5189	According to the information provided by the Asia Standard Group, the property has a total gross floor area of approximately 12,371.80 sq.m. (133,169 sq.ft.) with breakdown as follows:		
	Gross Floor Area		
		<i>(sq.ft.)</i>	
	Retail	26,976*	
	Office	106,193	
	Total	<u>133,169</u>	
	*Saleable Area is 20,692 sq.ft.		
	The property is held from the Government under various leases for respective terms of 999 years commencing from 26th June, 1843. The current total Government Rent payable for the lots is about HK\$144 per annum.	HK\$1,864,778.00, exclusive of rates and management fees.	

Notes:

- The registered owner of the property is Hoi Chak Properties Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
- The property is subject to a debenture to secure a term loan facility in favour of The Bank of East Asia, Limited.
- According to the Central District Outline Zoning Plan No. S/H4/12 dated 18th February, 2003, the property currently lies within the zoning as "Commercial".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004								
2. The Goldmark, No. 502 Hennessy Road, Causeway Bay, Hong Kong	The property comprises a 24-storey plus two basements commercial building completed in about 1987. The site area of the building is approximately 581.94 sq.m. (6,264 sq.ft.).	According to the information provided by the Asia Standard Group, as at 30th September, 2004, except portion of the property having a total gross floor area of approximately 7,219.90 sq.m. (77,715 sq.ft.) which was vacant, the remaining areas of the property were let to various tenants with the latest tenancy to be expired on 4th May, 2007. The total monthly rent as at 30th September, 2004 was HK\$1,676,272.00, exclusive of rates and management fees but inclusive of licence fees.	HK\$869,000,000 (33% interest attributable to the Asia Standard Group: HK\$286,770,000)								
Inland Lot Nos. 8584 and Section Q of Inland Lot No. 81	According to the information provided by the Asia Standard Group, the property has a total gross floor area of approximately 9,900.59 sq.m. (106,570 sq.ft.) with the breakdown as follows:	<table border="1"> <thead> <tr> <th data-bbox="563 686 751 711">Gross Floor Area</th> <th data-bbox="685 717 751 741"><i>(sq.ft.)</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="367 762 422 786">Retail</td> <td data-bbox="685 762 751 786">49,949*</td> </tr> <tr> <td data-bbox="367 807 422 831">Office</td> <td data-bbox="685 807 751 831"><u>56,621</u></td> </tr> <tr> <td data-bbox="367 852 415 876">Total</td> <td data-bbox="685 852 751 876"><u><u>106,570</u></u></td> </tr> </tbody> </table>	Gross Floor Area	<i>(sq.ft.)</i>	Retail	49,949*	Office	<u>56,621</u>	Total	<u><u>106,570</u></u>	<p>*Saleable area is 29,472 sq.ft.</p> <p>The property is held from the Government under two leases for respective terms of 75 years renewable for further 75 years commencing from 21st December, 1984 (Inland Lot No. 8584) and 999 years commencing from 26th June, 1843 (Section Q of Inland Lot No. 81). The current total Government Rent payable for the lots is about HK\$1,012 per annum.</p>
Gross Floor Area	<i>(sq.ft.)</i>										
Retail	49,949*										
Office	<u>56,621</u>										
Total	<u><u>106,570</u></u>										

Notes:

1. The registered owners of the property are Perfect Pearl Company Limited (99/100th shares) which is a 33% owned associate company of the Asia Standard International Group Limited and MTR Corporation Limited (1/100th share).
2. The property is subject to a legal charge to secure loan facility in favour of Citibank, N.A.
3. According to the Causeway Bay Outline Zoning Plan No. S/H6/13 dated 28th May, 2004, the property currently lies within the zoning as "Commercial/Residential".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
3. Asia Orient Tower, Town Place, No. 33 Lockhart Road, Wanchai, Hong Kong	The property comprises one of a twin 24-storey commercial buildings erected on a 6-level podium completed in about 1993.	According to the information provided by the Asia Standard Group, as at 30th September, 2004,	HK\$578,000,000
The Remaining Portions of Sub-sections 1, 2 and 4 of Section A, Section A of Sub-section 3 of Section A and The Remaining Portion of Section A of Inland Lot No. 2821	According to the information provided by the Asia Standard Group, the property has a total gross floor area of approximately 10,552.67 sq.m. (113,588 sq.ft.) with breakdown as follows:	except portion of the property having a total gross floor area of approximately 844.30 sq.m. (9,088 sq.ft.) which was vacant and	
	Gross Floor Area	approximately	
	<i>(sq.ft.)</i>	1,376.25 sq.m.	
	Retail	(14,814 sq.ft.) which was owner occupied,	
	3,120*	the remaining areas of the property were	
	Office (self occupied)	subject to various leases with the latest	
	19,472	tenancy to be expired on	
	Office (lease out)	31st December, 2007.	
	90,996	The total monthly rent as at 30th	
	<u>113,588</u>	September, 2004 was	
	Total	HK\$1,418,513.50	
	<u>113,588</u>	exclusive of rates and management fees.	
	* Saleable area is 1,891 sq.ft.		
	The property also includes 35 private car parking spaces.		
	The property is held from the Government under five leases for a term of 99 years renewable for further 99 years commencing from 25th May, 1929. The Determined Rent payable for Section A of Inland Lot No. 2821 is about HK\$144 per annum.		

Notes:

1. The registered owner of the property is Tilpifa Company Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a debenture in favour of Hang Seng Bank Limited.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/22 dated 28th May, 2004, the property currently lies within the zoning as "Commercial/Residential".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004										
<p>4. The Whole of No. 8 Wing Hing Street, Causeway Bay, Hong Kong</p> <p>The Remaining Portion of Section A and The Remaining Portion of Inland Lot No. 2372 and The Remaining Portions of Section A, B, C and D and The Remaining Portion of Sub-section 1 of Section B and The Remaining Portion of Inland Lot No.5386</p>	<p>The property comprises a 28-storey office building completed in 2000. There are no 4th, 14th and 24th Floors. The Ground Floor is designated to retail uses, entrance hall, car lift area and loading bay. The First Floor is devoted to retail uses. Portions of the Ground Floor, the Second and Third Floors are designed for car parking which accommodates 24 car parking spaces. The remaining upper floors are used for offices.</p> <p>According to the information provided by the Asia Standard Group, the property has a total gross floor area of approximately 10,050.62 sq.m. (108,184 sq.ft.) with breakdown as follows:</p>	<p>According to the information provided by the Asia Standard Group, as at 30th September, 2004, except portion of the property having a total gross floor area of approximately 908.49 sq.m. (9,779 sq.ft.) which was vacant, the remaining areas of the property were let to various tenants with the latest tenancy to be expired on 31st July, 2006. The total monthly rent as at 30th September, 2004 was HK\$983,487.89, exclusive of rates and management fees.</p>	HK\$314,000,000										
	<table border="0"> <tr> <td colspan="2" style="text-align: center;">Gross Floor Area</td> </tr> <tr> <td></td> <td style="text-align: right;"><i>(sq.ft.)</i></td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">10,264*</td> </tr> <tr> <td>Office</td> <td style="text-align: right;"><u>97,920</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u><u>108,184</u></u></td> </tr> </table>	Gross Floor Area			<i>(sq.ft.)</i>	Retail	10,264*	Office	<u>97,920</u>	Total	<u><u>108,184</u></u>		
Gross Floor Area													
	<i>(sq.ft.)</i>												
Retail	10,264*												
Office	<u>97,920</u>												
Total	<u><u>108,184</u></u>												
	<p>* Saleable area is 6,398 sq.ft.</p>												
	<p>The property is held from the Government under eight leases for a term of 75 years renewable for further 75 years commencing from 13th February, 1922. The determined rent payable for the lots is about HK\$341,596 per annum.</p>												

Notes:

1. The registered owner of the property is Master Asia Enterprises Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a mortgage, a rent assignment and a deed of variation of mortgage and further charge and supplement to rent assignment in favour of The Hongkong and Shanghai Banking Corporation Limited.
3. According to the North Point Outline Zoning Plan No. S/H8/18 dated 19th March, 2004, the property currently lies within the zoning as "Commercial/Residential".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
5. The Whole of No. 22 Pottinger Street, Central, Hong Kong	The property comprises a 3-storey pre-war commercial/residential tenement building erecting on a site of area 70.23 sq.m. (756 sq.ft.).	According to the information provided by the Asia Standard Group, the property is leased for a term of 2 years commencing from 16th January, 2002 to 15th January, 2004 at a monthly rent of HK\$70,000 exclusive of rates and management fees.	HK\$15,500,000
Inland Lot No. 5158	According to the information provided by the Asia Standard Group, the property has a total saleable floor area of 191.6 sq.m. (2,063 sq.ft.)		
	Floor	Saleable area	
	G/F	52.3 sq.m. (563 sq.ft.)	
	Cockloft	37.9 sq.m. (408 sq.ft.)	
	1/F	50.7 sq.m. (546 sq.ft.)	
	2/F	50.7 sq.m. (546 sq.ft.)	
	Total	<u>191.6 sq.m.</u> <u>(2,063 sq.ft.)</u>	
	The property is held from the Government under a Government Lease for a term of 999 years commencing from 26th June, 1843. The Government rent is HK\$14 per annum.		

Notes:

1. The registered owner of the property is Glory Ocean Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a legal charge in favour of Industrial and Commercial International Capital Limited.
3. The property is zoned for "Commercial" under the Central Outline Zoning Plan No. S/H4/12 dated 7th May, 2003.

Group II: Property interests held under development held by the Asia Standard Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
6. No. 19 Sze Shan Street, Yau Tong, Kowloon, Hong Kong Yau Tong Inland Lot No. 21	<p>The property comprises a development land with a site area of 2,461.93 sq.m. (26,500 sq.ft.).</p> <p>The development will be a 39-storey commercial/residential building. Ground Floor and First Floor are devoted for retail uses and the upper floors are designated for residential use providing a total of 210 units.</p> <p>Ancillary facilities including a clubhouse with outdoor swimming pool, tennis court, aerobic room, gymnasium and landscaped garden. There are 62 private carparking spaces plus 5 visitors carparking spaces and 5 motor cycle parking spaces.</p>	As at 30th September, 2004, construction works are under progress with foundation being completed.	HK\$433,000,000
	The anticipated completion of the development in June 2006.		
	According to the information provided by the Asia Standard Group, the approved gross floor area of the development will be in total of 14,891.73 sq.m. (160,295 sq.ft.) with breakdown as follows:		
	Area		
	Non-domestic: 2,452.32 sq.m. (26,398 sq.ft.)		
	Domestic: 12,439 sq.m. (133,898 sq.ft.)		
	Total: 14,891.74 sq.m. (160,295 sq.ft.)		
	The property is held from the Government under Conditions of Sale No. 10361 for a term of 99 years and was expired on 30th June, 1997 and has been extended until 30th June, 2047 by the New Territories Leases Extension Ordinance.		
	The annual Government rent is equivalent to 3% for the time being of the rateable value of the property.		

Notes:

1. The registered owner of the property is Barinet Company Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a debenture and mortgage, and a supplement to debenture and mortgage in favour of The Bank of East Asia, Limited.
3. The property is zoned “Residential (Group E)” under the Yau Tong Outline Zoning Plan No. S/K15/14 dated 21st June, 2002.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
7. Nos. 238-242 Aberdeen Main Road, Aberdeen, Hong Kong Aberdeen Inland Lot No. 365	<p>The property comprises a development land with a site area of 1,507.80 sq.m. (16,230 sq.ft.).</p> <p>The proposed development is a 41-storey commercial/residential building with ground floor devoted for retail use and the upper floors for residential units providing 180 units.</p> <p>The anticipated completion of the development is in June 2006.</p> <p>Ancillary facilities include a club house with outdoor swimming pool, children play area, gymnasium and landscape garden. There are 38 carparking spaces.</p>	As at 30th September, 2004, construction works are under progress with foundation work being completed.	HK\$151,000,000
	Area		
	Non-domestic: 6,978.43 sq.m. (75,116 sq.ft.)		
	Domestic: 12,356.98 sq.m. (133,011 sq.ft.)		
	Total: 19,335.41 sq.m. (208,127 sq.ft.)		
	<p>The property is held from Government under Conditions of Sale No. 10793 for a term of 75 years renewable for further 75 years commencing from 4th July, 1975.</p>		
	<p>The Government rent is equivalent to HK\$1,000 per annum.</p>		

Notes:

1. The registered owner of the property is Full Union Development Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is zoned for "Residential (Group E)" under Aberdeen and Ap Lei Chau Outline Zoning Plan No. S/H15/20 dated 28th May, 2004. Approval for application under section 16 of the Town Planning Ordinance has been give by Town Planning Board for a proposed residential development scheme on the property on 18th February, 2000.

3. Under the Government lease, the property shall not be used for any purpose other than industrial or godown purposes or both.

4. Principal conditions for the proposed lease modification for a residential development with commercial and recreational uses have been offered by the Lands Department on 29th July, 2003 to permit the user of the property for non-industrial (excluding godown, petrol filling station and hotel) purposes. Other conditions *inter alias* the followings:

Minimum total gross floor area:	7,287 sq.m. (78,437 sq.ft.)
Maximum total gross floor area:	12,145 sq.m. (130,728 sq.ft.)
Maximum total gross floor area: (private residential)	12,007 sq.m. (129,243 sq.ft.)
Maximum total gross floor area: (other than private residential)	138 sq.m. (1,485 sq.ft.)

5. The owner was appealing for the premium at the date of valuation. We understand that development was proceeding while the premium payment was still outstanding. Our valuation of the property is not inclusive of the premium.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
8. Lot Nos. 2328RP, 2340A1, 2340A2, 2340A3, 2340A4RP, 2340A5RP, 2340A6RP, 2340RP, 2341, 2342A, 2342B1, 2342BRP, 2342CRP, 2342DRP, 2343A1, 2343ARP, 2343BRP in Demarcation District No. 124, Hung Shui Kiu, Yuen Long, New Territories, Hong Kong	<p>The property comprises 3 building lots and 16 agricultural lots in D.D.124 with a total site area of 5,274.5 sq.m. (56,775 sq.ft.).</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30th June, 1997 and has been extended until 30th June, 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to 3% for the time being of the rateable value of the property.</p>	As at 30th September, 2004, the property was vacant.	HK\$256,000,000 (80% interest attributable to the Asia Standard Group: HK\$204,800,000)

Notes:

- The registered owner of the property is Union Rich Resources Limited which is a 80% owned subsidiary of the Asia Standard International Group Limited.
- The property is zoned for "Residential (Group A)2" under Ping Shan Outline Zoning Plan No. S/YL-PS/10 dated 11th June, 2004.
- Principal conditions for a proposed land exchange have been offered by the Lands Department on 2nd August, 2004. The conditions contain *inter alia* the followings:

Area to be surrendered:	5,274 sq.m. (56,774.7 sq.ft.)
Area to be granted:	9,199 sq.m. (99,018 sq.ft.)
Lease Term:	50 years from the date of Agreement
User:	The lowest three floors non-industrial (excluding godown, petrol filling station and hotel) purposes The remaining floors for private residential purposes
Minimum total gross floor area:	26,697 sq.m. (287,367 sq.ft.)
Maximum total gross floor area: (private residential)	12,145 sq.m. (130,728 sq.ft.)
Total Site Coverage:	Maximum 42% of the lot except that any of the lowest three floors used for non-industrial (excluding godown, petrol filling station, hotel and residential) purposes
Maximum no. of storeys:	12
Maximum building height:	36m above mean formation level

- The owner was appealing for the premium at the date of valuation. In our valuation, we have assumed the leased exchange would be imminent subject to the payment of premium and the valuation was made on the basic of conditions granted after the land exchange. The valuation is not inclusive of the premium.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
9. Lot No. 1738 in Demarcation District No. 122, Ping Shan, Yuen Long, New Territories, Hong Kong	<p>The property comprises a development land with site area of 3,290 sq.m. (35,431 sq.ft.).</p> <p>The development will be a 5-storey residential building over carport providing a total of 49 units.</p> <p>Ancillary facilities include a club house with outdoor swimming pool, tennis court, aerobic room, gymnasium and landscape garden. There are 49 private carparking spaces, 5 visitor carparking spaces and 5 motor cycle parking spaces.</p> <p>The anticipated completion of the development is in July 2006.</p> <p>According to the information provided by the Asia Standard Group, the approved total gross floor area of the development is 3,290 sq.m. (35,431 sq.ft.).</p> <p>The property is held from the Government under a New Grant No. 4668 for a term of 50 years commencing from 14th July, 2004.</p> <p>The annual Government rent is equivalent to 3% for the time being of the rateable value of the property.</p>	As at 30th September, 2004, foundation works are under progress.	HK\$57,800,000

Notes:

1. The registered owner of the property is Kelpoint Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is zoned for "Comprehensive Development Area" under Ping Shan Outline Zoning Plan No. S/YL-PS/10 dated 11th June, 2004.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
10. The Remaining Portion of Lot No. 531, The Remaining Portion of Section D of Lot No. 532, and The Remaining Portion of Lot No. 532 in Demarcation District No. 130, Lam Tei, Tuen Mun, New Territories, Hong Kong	<p>The property comprises 3 agricultural lots in D.D.130 with a total site area of 1004.4 sq.m. (10,811 sq.ft.).</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30th June, 1997 and has been extended until 30th June, 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to 3% for the time being of the rateable value of the property.</p>	As at 30th September, 2004, the property was vacant.	HK\$43,000,000

Notes:

- The registered owner of the property is Free Ocean Investments Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
- The property is subject to a Notice (under S.19 of Railways Ordinance Chapter 519) of Resumption of land (Remarks: GN. 4958 with relevant resumption plan no. WRM0051) and is also subject to a Notice (under S. 21 of Railways Ordinance Chapter 519) of Creation of Rights (Remarks: of temporary occupation of land G.N.4961 with relevant plan no. WRM0052).
- The property is zoned for "Commercial" under Lam Tei & Yick Yuen Outline Zoning Plan No. S/TM-LTY/4 dated 4th June, 2004. Approval for application under section 16 of the Town Planning Ordinance has been give by Town Planning Board for a proposed residential development with retail facilities in "Commercial" zone on the property and adjoining Government Land on 28th June, 2002.
- Pursuant to the planning approval, the owner has made an application to the Lands Department for a proposed lease modification/land exchange to permit a residential development with commercial and ancillary recreational and carpark provisions on the property together with the adjoining Government land of area 831.5 sq.m. Principal terms of the proposed land exchange are *inter alia* as the followings:

Area to be surrendered:	1004.4 sq.m. (10,811 sq.ft.)
Area to be granted:	1,835.9 sq.m. (19,761 sq.ft.)
Total Plot Ratio:	3.6
Gross Floor Area:	Domestic — 6,557.49 sq.m. (70,585 sq.ft.) Non-Domestic — 51.75 sq.m. (557 sq.ft.)
Site Coverage:	Domestic — 40.99% Non-Domestic — 88.84%
Building Height:	36m (12 storeys)

The land exchange application to the Lands Department is in progress. The approval of the modification/land exchange will be required the payment of premium. In our valuation, we have regarded that the master plan of this land exchange scheme has been principally approved by the Town Planning Board, the lease exchange would be expected to be imminent subject to the payment of premium. Our valuation was made on the basic of this master plan and the valuation is not inclusive of the premium.

Group III: Property interests held for future development by the Asia Standard Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
11. The Remaining Portion of Lot No. 114 in Demarcation District No. 106, Kam Tin South, Yuen Long, New Territories, Hong Kong	<p>The property comprises an agricultural lot in D.D.106 with a land area of 2,256.95 sq.m. (27,523 sq.ft.).</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30th June, 1997 and has been extended until 30th June, 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to 3% for the time being of the rateable value of the property.</p>	As at 30th September, 2004, the property was vacant.	HK\$2,750,000

Notes:

1. Crystal Rich Limited, a wholly-owned subsidiary company of the Asia Standard International Group is the registered co-owner of the property, which holds 1/2 tenant-in-common share.
2. The property is zoned for "Comprehensive Development Area" under Kam Tin South Outline Zoning Plan No. S/YL-KTS/7 dated 4th June, 2004.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
12. Lot Nos. 706, 732, 710, 755, 759, 97 and 120 in Demarcation District No. 125, Ha Tsuen, Yuen Long, New Territories, Hong Kong	<p>The property comprises 6 agricultural lots in D.D.125 with a total land area of 4,370.59 sq.m. (47,045 sq.ft.).</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30th June, 1997 and has been extended until 30th June, 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to 3% for the time being of the rateable value of the property.</p>	As at 30th September, 2004, the property was vacant.	HK\$9,500,000

Notes:

1. The registered owner of the property is Trade Hope Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a legal charge in favour of Sino View Holdings Limited
3. The property is zoned for "Comprehensive Development Area" under Ha Tsuen Outline Zoning Plan No. S/YL-HT/4 dated 28th March, 2004.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
13. Various Lots in Demarcation District No. 221, Sha Ha, Sai Kung, New Territories, Hong Kong	<p>The property comprises 144 agricultural lots in D.D.221 with total land area of 34,813.70 sq.m. (374,734.64 sq.ft.).</p> <p>2 of these lots with aggregate land area of 303.51 sq.m. (3,267 sq.ft.) are owned with 1/2 share; 4 of these lots with aggregate area of 979.83 sq.m. (9,147.6 sq.ft.) are owned with 1/4 share; and 1 of these lots with an area of 1,214 sq.m. (1,306.8 sq.ft.) are owned with 3/4 share by the Asia Standard Group.</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30th June, 1997 and has been extended until 30th June, 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to 3% for the time being of the rateable value of the property.</p>	As at 30th September, 2004, the property was vacant.	HK\$93,700,000 (7.5% interest attributable to the Asia Standard Group: HK\$7,027,500)

Notes:

- The subject lots include Lots Nos. 80, 88, 97, 103, 107, 109, 110, 116, 126, 128, 130, 140, 142, 143, 144, 145, 147, 148, 150, 160, 162, 166, 169, 171, 174, 175, 180, 181, 182, 186, 192, 194, 195, 196, 198, 200, 201, 202, 204, 206, 208, 213, 215, 217, 220, 223, 224, 233, 269, 270, 1372, 1376, 1417, 1418, Section B of Lot No.1429, Lot Nos. 190, 191, The remaining portion of Lot No. 102, The remaining portion of Lot No. 112, The remaining portion of Lot No. 1362, The remaining portion of Lot No. 1371, The remaining portion of Lot No. 1383, The remaining portion of Lot No. 1406, The remaining portion of Section C of the Lot No. 1407, The remaining portion of Section C of Lot No. 1416, The remaining portion of Lot No. 1434, Section A of Lot No. 157, Section A of Lot No. 158, Section A of Lot No. 178, Section A of Lot No. 189, The remaining portion of Lot No. 271, Lots Nos. 117, 123, 93, 104, 135, 165, 168, 184, 211, 212, 214, 218, 219, 221, The remaining portions of 101, The remaining portion of 1375, The remaining portion of Section D of Lot No. 1407, The remaining portion of Section D Lot No. 1416, Section D of Lot No. 199, 1/2 of Lot No. 124, 1/2 of Lot No. 132, Lot Nos. 137, 89, 91, 92, 95, 96, 106, 114, 115, 119, 121, 122, 125, 127, 129, 141, 146, 151, 161, 164, 167, 173, 183, 188, 207, 209, 210, 216, 222, 1373, 1419, 1420, 1422, The remaining portion of Lot No. 131, Section B of Lot No. 133, The remaining portion of 1374, The remaining portion of Lot No. 1377, Section A of Lot No. 138, The remaining portion of Lot No. 138, The remaining portion of 1415, The remaining portion of 1423, The remaining portion of Lot No. 1427, Section B of Lot No. 158, Section B of Lot No. 189, Section B of Lot No. 205, The remaining portion of Lot No. 98, 1/4 of Lot No. 90, 1/4 of Lot No. 153, 1/4 of Lot No. 154, 1/4 of Section B of Lot No. 157, 3/4 of Section C of Lot No. 133

2. The registered owner of Lots Nos. 80, 88, 97, 99, 103, 109, 110, 116, 126, 128, 130, 140, 142, 143, 144, 145, 147, 148, 150, 160, 162, 166, 169, 171, 174, 175, 180, 181, 182, 186, 192, 194, 195, 196, 198, 200, 201, 202, 204, 206, 208, 213, 215, 217, 220, 223, 224, 233, 269, 270, 1372, 1376, 1417, 1418, The remaining portion of Lot No. 102, The remaining portion of Lot No. 112, The remaining portion of Lot No. 1362, The remaining portion of Lot No. 1371, The remaining portion of Lot No. 1383, The remaining portion of Lot No. 1406, The remaining portion of Section C of 1407, The remaining portion of Section C of 1416, The remaining portion of Lot No. 1434, Section A of Lot No. 157, Section A of Lot No. 158, Section A of Lot No. 178, Section A of Lot No. 189 and The remaining portion of Lot No. 271 in D.D. 221 is New Hope Limited, in which Asia Standard International Group owns 7.5% interest.

The registered owner of Lots Nos. 95, 104, 135, 165, 168, 184, 211, 212, 214, 218, 219, 221, The remaining portion of Lot No. 101, The remaining portion of Lot No. 1375, The remaining portion of Section D of Lot No. 1407, The remaining portion of Section D of Lot No. 1416, Section D of Lot No. 199 in D.D. 221 is Regenteam Investments Limited, in which Asia Standard International Group owns 7.5% interest.

The registered owners of Section B of Lots No. 1429, Lots Nos. 190, 191, 117 and 123 in D.D. 221 are New Hope Limited and Regenteam Investments Limited, in which Asia Standard International Group owns 7.5% interest.

The registered owner of Lots Nos. 89, 91, 92, 95, 96, 106, 114, 115, 119, 121, 122, 125, 127, 129, 141, 146, 151, 161, 164, 167, 173, 183, 188, 207, 209, 210, 216, 222, 1373, 1419, 1420, 1422, The remaining portion of Lot No. 131, Section B of 133, The remaining portion of Lot No. 1374, The remaining portion of Lot No. 1377, Section A of 138, The remaining portion of Lot No. 138, The remaining portion of Lot No. 1415, The remaining portion of Lot No. 1423, The remaining portion of Lot No. 1427, Section B of Lot No. 158, Section B of Lot No. 189, Section B of Lot No. 205, The remaining portion of Lot No. 98 in D.D. 221 is Shingo Development Limited, in which Asia Standard International Group owns 7.5% interest.

The 1/2 tenant-in-common shares of Lots Nos. 132 and 137 in D.D. 221 are owned by Regenteam Investments Limited in which Asia Standard International Group Limited owns 7.5% interest.

The 1/4 tenant-in-common shares of Lots Nos. 90, 153, 154 and Section B of Lot No. 157B and 3/4 tenant-in-common shares of Section C of Lot No. 133 in D.D. 221 are owned by Shingo Developments Limited, in which Asia Standard International Group Limited owns 7.5% interest.

3. The property is not covered by a statutory outline zoning plan.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
14. Various Lots in Demarcation District No. 232, Mau Tin, Sai Kung, New Territories, Hong Kong	<p>The property comprises 162 agricultural lots in D.D.232 with total land area of 15.87 acre i.e 64,223.07 sq.m. (691,297 sq.ft.).</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30th June, 1997 and has been extended until 30th June, 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to 3% for the time being of the rateable value of the property.</p>	As at 30th September, 2004, the property was vacant.	<p>HK\$48,390,000 (30% interest attributable to the Asia Standard Group: HK\$14,517,000)</p>

Notes:

- The subject lots include Lots Nos. 1, 2, 5, 6, 7, 8, 9, 10, 11, 14, 15, 20, 22, 23, 24, 25, 26, 27, Section A of 28, Section B of 28, Section C of Lot No. 28, Section D of Lot No. 28, Section E of Lot No. 28, Section F of Lot No. 28, Section G of Lot No. 28, The remaining portion of Lot No. 28, Subsection 1 of Section A of Lot No. 29, Subsection 2 of Section A of Lot No. 29, Subsection 3 of Section A of Lot No. 29, Subsection 4 of Section A of Lot No.29, Subsection 5 of Section A of Lot No. 29, Subsection 6 of Section A of Lot No. 29, Subsection 7 of Section A Lot No. 29, Subsection 8 of Section A of Lot No. 29, Subsection 9 of Section A of Lot No. 29, Subsection 10 of Section A of Lot No. 29, Subsection 11 of Section A of Lot No. 29, Subsection 12 of Section A of Lot No. 29, Subsection 13 of Section A of Lot No. 29, Subsection 14 of Section A of Lot No. 29, Subsection 15 of Section A of Lot No. 29, Subsection 16 of Section A of Lot No. 29, Subsection 17 of Section A of Lot No. 29, Subsection 18 of Section A of Lot No. 29, Subsection 19 of Section A of Lot No. 29, Subsection 20 of Section A of Lot No. 29, Subsection 21 of Section A of Lot No. 29, Subsection 22 of Section A of Lot No. 29, Subsection 23 of Section A of Lot No. 29, Subsection 24 of Section A of Lot No. 29, Subsection 25 of Section A of Lot No. 29, Subsection 26 of Section A of Lot No. 29, Subsection 27 of Section A of Lot No. 29, Subsection 28 of Section A of Lot No. 29, Subsection 29 of Section A of Lot No. 29, Subsection 30 of Section A of Lot No.29, Subsection 31 of Section A of Lot No. 29, Subsection 32 of Section A of Lot No.29, Subsection 33 of Section A of Lot No.29, Subsection 34 of Section A of Lot No. 29, Subsection 35 of Section A of Lot No. 29, Subsection 36 of Section A of Lot No. 29, Subsection 37 of Section A of Lot No. 29, Subsection 25 of Section B of Lot No. 29, Subsection 26 of Section B of Lot No. 29, Subsection 27 of Section B of Lot No. 29, Subsection 28 of Section B of Lot No. 29, Subsection 29 of Section B of Lot No. 29, Subsection 30 of Section B of Lot No. 29, Subsection 31 of Section B of Lot No. 29, Subsection 32 of Section B of Lot No. 29, Subsection 33 of Section B of Lot No. 29, Subsection 34 of Section B of Lot No. 29, Subsection 35 of Section B of Lot No. 29, Subsection 36 of Section B of Lot No. 29, Subsection 37 of Section B of Lot No. 29, Subsection 38 of Section B of Lot No. 29, Subsection 39 of Section B of Lot No. 29, Subsection 40 of Section B of Lot No. 29, Subsection 41 of Section B of Lot No. 29, Subsection 42 of Section B of Lot No. 29, Subsection 43 of Section B of Lot No. 29, Subsection 44 of Section B of Lot No. 29, Subsection 45 of Section B of Lot No. 29, Subsection 46 of Section B of Lot No. 29, Subsection 1 of Section C of Lot No. 29, Subsection 2 of Section C of Lot No. 29, Subsection 3 of Section C of Lot No. 29, Subsection 4 of Section C of Lot No. 29, Subsection 5 of Section C of Lot No. 29, Subsection 6 of Section C of Lot No. 29, Subsection 7 of Section C of Lot No. 29, Subsection 8 of Section C of Lot No. 29, Subsection 9 of Section C of Lot No. 29, Subsection 10 of Section C of Lot No. 29, Subsection of 11 of Section C of Lot No. 29, Subsection 12 of Section C of Lot No. 29, Subsection 13 of

Section C of Lot No. 29, Subsection 14 of Section C of Lot No. 29, Subsection 15 of Section C of Lot No. 29, Subsection 16 of Section C of Lot No. 29, Subsection 17 of Section C of Lot No. 29, Subsection 18 of Section C of Lot No. 29, Subsection 19 of Section C of Lot No. 29, Subsection 20 of Section C of Lot No. 29, Subsection 21 of Section C of Lot No. 29, Subsection 22 of Section C of Lot No. 29, Subsection 23 of Section C of Lot No. 29, Subsection 24 of Section C of Lot No. 29, Subsection 25 of Section C of Lot No. 29, Subsection 26 of Section C of Lot No. 29, Subsection 27 of Section C of Lot No. 29, Subsection 28 of Section C of Lot No. 29, Subsection 29 of Section C of Lot No. 29, Subsection 30 of Section C of Lot No. 29, Subsection 31 of Section C of Lot No. 29, The remaining portion of Section A of Lot No. 29, The remaining portion of Section B of Lot No. 29, The remaining portion of Section C of Lot No. 29, The remaining portion of Lot No. 29, Lot Nos. 30, 31, 32, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, Section A of Lot No. 46, Section B of Lot No. 46, The remaining portion of Lot No. 46, Lot Nos. 48, 49, 50, 51, 52, 54, 55, 56, 58, 59, 60, 62, 63, 64, 65, 66, 67, 69, 71, 72, 73, 75, 76, 77.

2. The registered owner of the property is Auburntown Limited which is a 30% owned associate company of Asia Standard International Group Limited.
3. Majority of the subject lots fall within the area zoned for “Conservation Area” and some of the subject lots fall within the area of “Coastal Protection Area” under Hebe Haven Outline Zoning Plan under S/SK-HH/4 dated 25th June, 2004.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
15. The Remaining Portion of Lot No. 259 in Demarcation District No. 354, Yau Kom Tau, Tsuen Wan, New Territories, Hong Kong	<p>The property comprises one piece of building and garden land located at Yau Kom Tau, Tsuen Wan, New Territories.</p> <p>The property has a total site area of approximately 66,769 sq.ft. (6,202.99 sq.m.). The property is occupied by one residential house together with garages, a swimming pool, a garden and driveways.</p> <p>The property is held from Government under two New Grant No. 3344 for a same term extended to 30th June, 2047 by virtue of New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to 3% for the time being of the rateable value of the property.</p>	As at 30th September, 2004, the property was vacant.	<p>HK\$236,000,000 (16.7% interest attributable to the Asia Standard Group: HK\$39,412,000)</p>

Notes:

- According to the records from the Tsuen Wan New Territories Land Registry, the registered owners of the property are listed as follows:

The Remaining Portion of Lot 259 in DD 354

Owner	Share	Remarks
Master Venture Limited	24/144	
Fung Sun Chung	26/144	
Fung Ming Chung	26/144	
Fung Wing Chung	26/144	
Fung Chun Chung	26/144	Tenants in Common
Chan Yun Ru	12/144	
Fung Yu Sin Eugene	2/144	
Fung Yee Lan	2/144	
Total:	144/144	

- The registered owner of the property is Master Venture Limited, in which Asia Standard International Group Limited owns 16.7% interest.

3. The property is subject to the following material encumbrances:
 - (i) Order No. DH2/NT/02/C under S. 27A of the Buildings Ordinance vide memorial No. 1450072 dated 28th January, 2002; and
 - (ii) Order No. DH1/NT/02/C under S. 27A of the Buildings Ordinance vide memorial No. 1450073 dated 28th January, 2002.
4. According to the conditions of both Government Leases, the property is subject to special conditions No.2(a) and (b), 3 and 4 in the Government Notification No. 364 of 1934 as amended by Government Notification No. 50 of 1940. In brief, these conditions are:
 - (i) No. 2(a): "The building erected on the lot shall not be used as a 'Chai Tong' or similar nature."
 - (ii) No. 2(b): "The height of any building shall not exceed 25 feet or 2 storey. No storey shall be less than 10 feet in height; the street or open space in front of any new buildings shall be at least 25 feet wide; an open space must be provided at the rear of every new building and its area shall at least equal to half the roofed-over area of the building; a scavenging lane shall be provided having a width of 6 feet."
 - (iii) No. 3: "Plans for addition or alteration to any building erected on the lot in accordance with conditions need not be prepared by an authorised architect unless such addition or alteration is such as to render the whole building a new building within the definition contained in Section 6(39) of the Public Health and Buildings Ordinance, 1903, or unless such addition or alteration involves the use of reinforced concrete."
5. According to both Government Leases, the permitted user of the property is for building and garden purposes only.
6. The property is zoned for "Residential (Group B)" by Tsuen Wan Outline Zoning Plan No. S/TW/20 dated 17th September, 2004. Meanwhile, on the land designated "Residential (Group B)", no new development, or addition, alteration and/or modification to or development of an existing building shall result in a total development and/or redevelopment in excess of a maximum plot ratio of 2.1 or the plot ratio of existing building, whichever is the greater.

Group IV: Unsold property interests held by the Asia Standard Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
16. Various units in China United Centre, No. 28 Marble Road, North Point, Hong Kong	The property comprises various office units including Units 02 on 10th Floor, whole of 15th Floor, Units 01-05 and 08-11 on 16th, whole of 20th Floor, 21st, 22nd, 23rd and 26th Floors of a 31-storey (including a basement and a mechanical floor) commercial/office building completed in 1997.	According to the information provided by the Asia Standard Group, as at 30th September, 2004, the property was fully occupied and let to various tenants with the latest tenancy to be expired on 31st December, 2006. The total monthly rent was HK\$695,784.00 exclusive of rates and management fees but inclusive of licence fees.	HK\$218,000,000 (80% interest attributable to the Asia Standard Group: HK\$174,400,000)
5,123/23,400th shares of and in Subsection 2 of Section A, Section B of Subsection 3 of Section A, The Remaining Portion of Subsection 3 of Section A, Section A of Subsection 3 of Section A, Subsection 5 of Section A, Subsection 4 of Section A, The Remaining Portion of Section A, The Remaining Portion of Section A of Subsection 1 of Section A, Subsection 5 of Section A of Subsection 1 of Section A, Subsection 3 of Section A of Subsection 1 of Section A, Subsection 2 of Section A of Subsection 1 of Section A, Subsection 4 of Section A of Subsection 1 of Section A and Subsection 6 of Section A of Subsection 1 of Section A of Inland Lot No. 3504.	According to the information provided by the Asia Standard Group, the property has a total gross floor area of approximately 7,066.5 sq.m. (76,064 sq.ft.) The property is held under Conditions of Sale No. 3369 for a term of 75 years (renewable for another 75 years) commencing from 17th October, 1932. The determined rent payable for the lots is about HK\$334 per annum.		

Notes:

1. The registered owner of the property is Get Rich Enterprises Limited, which is a 80% owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a mortgage in favour of Hang Seng Bank Limited.
3. According to the North Point Outline Zoning Plan No. S/H8/18 dated 19th March, 2004, the property currently lies within the zoning as "Commercial/Residential".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
17. Flats E on 3rd Floor and 30th Floor, Bijou Apartments, No. 157 Prince Edward Road West, Mongkok, Kowloon, Hong Kong 1,242/100,000th parts or shares of and in The Remaining Portion of Kowloon Inland Lot No. 9274	<p>The property comprises 2 apartment units of a 28-storey residential building with 3 level podium. The building was completed in 2003. There are no 4th, 14th and 24th Floors.</p> <p>The Ground Floor and the First Floor are devoted to retail uses. The Second Floor is designed as a clubhouse for residents. The remaining upper floors are used for domestic.</p> <p>The property has a total gross floor area of approximately 112.69 sq.m. (1,213 sq.ft.).</p> <p>The property is held under Conditions of Regrant No. 8893 for a term of 150 years commencing from 26th June, 1899. The determined rent payable for the lots is about HK\$342 per annum.</p>	<p>As at 30th September, 2004, the property was vacant.</p>	<p>HK\$4,250,000 (50% interest attributable to the Asia Standard Group: HK\$2,125,000)</p>

Notes:

1. The registered owner of the property is Ocean Champion Development Limited which is a 50% owned associate company of Asia Standard International Group Limited.
2. According to the Mong Kok Outline Zoning Plan No. S/K3/21 dated 7th March, 2004, the subject property currently lies within the zoning as "Commercial".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
18. Shops 2 & 6 on 1st Floor, Royal Jubilee, No. 88 San Shing Avenue, Sheung Shui, New Territories, Hong Kong	The property comprises 2 shop units on 1st Floor of the 4 levels podium of Royal Jubilee. Royal Jubilee comprises two about 21-storey residential buildings with 4 levels podium. The development was completed in 2001. There is no 4th and 14th Floor.	As at 30th September, 2004, the property was vacant.	HK\$2,100,000
215/5,1424th parts or shares of and in Fanling Sheung Shui Town Lot No. 183	The Ground Floor and the 1st Floor are devoted to retail uses. The 2nd Floor is designed as car park. The 3rd Floor is designed as a clubhouse for residents. The remaining upper floors are used for domestic.	The property has a total gross floor area of approximately 121.05 sq.m. (1,303 sq.ft.).	
	The property is held under New Grant No. 13219 for a term of 50 years commencing from 22nd April, 1998.		
	The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.		

Notes:

1. The registered owner of the property is Hugetop Holdings Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. According to the Fanling/Sheung Shui Outline Zoning Plan No. S/FSS/12 dated 5th October, 2004, the subject property currently lies within the zoning as "Commercial/Residential".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
<p>19. Various residential and carparking units in Bayshore Apartments, No. 244 Aberdeen Main Road, Aberdeen, Hong Kong</p> <p>528/6168th parts or shares of and in Aberdeen Inland Lot No. 287 and the extension thereto</p>	<p>The property comprises 8 residential units including Flat D on 9th Floor, Flat B on 12th Floor, Flat B on 15th Floor, Flat A on 16th Floor, Flat C on 19th Floor, Flat D on 21st Floor, Flat D on 22nd Floor and Flat A on 26th Floor; and 12 car parking spaces including Car Park 102, 105, 106 and 107 on 1st Floor, Car Park 505, 506 and 597 on 5th Floor and Car Park Spaces on 601, 603, 605, 606 and 607 on 6th Floor of Bayshore Apartments. Bayshore Apartments comprises a 38-storey residential building with 7 levels podium. The development was completed in 2000. There is no 4th, 14th, 24th and 34th Floor.</p> <p>The Ground Floor is designed as entrance and lobby. The 1st Floor to 6th Floor are devoted to car park. The 7th Floor is designed as a clubhouse for residents. The remaining upper floors are used for domestic.</p> <p>The property (residential portion) has a total gross floor area of approximately 565.77 sq.m. (6,090 sq.ft.).</p> <p>The property is held under Conditions of Exchange No. 7987 for a term of 75 years renewable for further 75 years commencing from 14th March, 1963. The current total Government Rent payable for the lot is about HK\$1,000 per annum.</p>	<p>The residential units of the property were vacant as at 30th September, 2004.</p> <p>All car parking spaces is subject to a tenancy for a term of 2 years at monthly rent of HK\$11,368 and will be expired on 31st August, 2005.</p>	<p>HK\$24,860,000 (90% interest attributable to the Asia Standard Group: HK\$22,374,000)</p>

Notes:

1. The registered owner of the residential units is Mark Honour Limited and the registered owner of car parking spaces is Way Link Holdings Limited respectively, both are 90% owned subsidiaries of Asia Standard International Group Limited.
2. The car park portion of the property is subject to a mortgage in favour of Bank of Communications.
3. The residential units are subject to various sales and purchase agreements. Legal action has been brought to the High Court collectively by these purchasers. According to a copy of High Court Judgement dated 30th June, 2004 by Hon Andrew Cheung, Judge of High Court of First Instance, the Judge had ordered a declaration on the rescission of all these sales and purchase agreements.
4. According to the Aberdeen/ Ap Lei Chau Outline Zoning Plan No. S/H15/20 dated 28th May, 2004, the subject property currently lies within the zoning as “Residential (Group E)”.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
20. Flat B, C and E on 31st Floor, Li Chit Garden, No. 1 Li Chit Street, Wanchai, Hong Kong 151/10370th parts or shares of and in Inland Lot No. 8797	<p>The property comprises 3 residential units on 31 Floor of Li Chit Garden. Li Chit Garden comprises a 18-storey residential building completed in 1994.</p> <p>The property has a total gross floor area of approximately 160.35 sq.m. (1,726 sq.ft.).</p> <p>The property is held under Conditions of Exchange No. 12307 from 28th April, 1994 to 30th June, 2047.</p> <p>The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.</p>	<p>As at 30th September, 2004, the property was vacant.</p>	<p>HK\$5,000,000</p>

Notes:

1. The registered owners of Flat B, C and E is Mark-Gold Limited, Kenfair Limited and Winpact Limited respectively which are wholly-owned subsidiaries of Asia Standard International Group Limited.
2. The property is subject to a legal charge in favour of Bank of Communications.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/22 dated 28th May, 2004, the subject property currently lies within the zoning as "Government/Institution/Community".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
21. Flat B, 11/F, Miami Mansion, Nos. 13-15 Cleveland Street, Causeway Bay, Hong Kong 1/49th parts or shares of and in Section OO of Marine Lot No. 231 and The Extension Thereto	<p>The property comprises a residential unit on 11th Floor of Miami Mansion. Miami Mansion comprises a 12-storey composite building completed in about 1964.</p> <p>The Ground Floor is devoted to retail uses. The remaining upper floors are used for domestic.</p> <p>The property has a gross floor area of approximately 128.21 sq.m. (1,380 sq.ft.).</p> <p>The property is held under Government Lease for a term of 999 years commencing from 25th December, 1869. The determined rent of the lot is about HK\$34 per annum.</p>	<p>As at 30th September, 2004, the property was vacant.</p>	<p>HK\$3,500,000</p>

Notes:

1. The registered owner of the property is Concept Miles Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. According to the Causeway Bay Outline Zoning Plan No. S/H6/13 dated 28th May, 2004, the subject property currently lies within the zoning as "Commercial/Residential".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
22. Flat A on 5th Floor, Block 1, Kam Fai Garden, No. 6 Wah Fat Street, Tuen Mun, New Territories, Hong Kong	The property comprises a residential unit on 5th Floor of Block 1 of Kam Fai Garden. Kam Fai Garden comprises four about 16-storey residential buildings plus 2 level car park podium. The development was completed in 1987.	As at 30th September, 2004, the property was vacant.	HK\$770,000
12/6400th parts or shares of and in Tuen Mun Town Lot No. 244	<p>The property has a gross floor area of approximately 59.46 sq.m. (640 sq.ft.).</p> <p>The property is held under New Grant No. 2727 for a term of 99 years commencing from 1st July, 1898 and has been extended by virtue of the New Territories Leases (Extension) Ordinance to 30th June, 2047.</p> <p>The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.</p>		

Notes:

1. The registered owner of the property is Waliway Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to the Building Order No. DR02645/NT/03/TCW/TE under S. 28(3) of Building Ordinance by the Building Authority (Re: Drains).
3. According to the Tuen Mun Outline Zoning Plan No. S/TM/19 dated 12th March, 2004, the subject property currently lies within the zoning as "Residential (Group B)".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
23. Car Parking Spaces Nos. 12-17, 19, 26, 27, 29 & 34 on Ground Floor, Swallow Garden, No. 68 San Wan Road, Fanling Wai, Fanling, New Territories, Hong Kong	The property comprises 11 car parking spaces on Ground Floor of Swallow Garden which comprises a 5-storey residential building with Ground Floor Car Park. The development was completed in 1992.	As at 30th September, 2004, the property was vacant.	HK\$1,100,000
11/555th parts or shares of and in Fanling Sheung Shui Town Lot No. 64	The property is held under New Grant No. 12463 for a term commencing from 28th December, 1990 to 30th June, 2047. The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.		

Notes:

1. The registered owner of the property is Starwick Development Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a mortgage in favour of Bank of Communications.
3. According to the Fanling/ Sheung Shui Outline Zoning Plan No. S/FSS/12 dated 5th October, 2004, the subject property currently lies within the zoning as "Residential (Group C)1".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
24. Car Parking Spaces Nos. G01-G03, G05-G11 on Ground Floor and Car Parking Space Nos. 112, 110, 111 and 116 on 1st Floor, The Oakridge, No. 88 Yiu Hing Road, Shaukeiwan, Hong Kong 273/19954th parts or shares of and in Shek Kei Wan Inland Lot No. 845	<p>The property comprises 13 car parking spaces on Ground and 1st Floor of the 4 levels podium of The Oakridge which comprises a 34-storey residential building with 4 levels podium. The development was completed in 2003. There is no 4th, 14th, 24th and 34th Floor.</p> <p>The Ground Floor to 2nd Floor are devoted to car park uses. The 3rd Floor is designed as a clubhouse for residents. The remaining upper floors are used for domestic.</p> <p>The property is held Conditions of Sale No. 12561 for a term of 50 years commencing from 29th February, 2000.</p> <p>The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.</p>	As at 30th September, 2004, the property was vacant.	HK\$3,900,000

Notes:

1. The registered owner of the property is Mega Royal Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to an Agreement for Sale and Purchase in favour of Goodview Express Holdings Limited which is the wholly-owned subsidiary of Asia Standard International Group Limited.
3. The property is subject to mortgage in favour of Bank of Communications.
4. According to the Shau Kei Wan Outline Zoning Plan No. S/H9/13 dated 27th February, 2004, the subject property currently lies within the zoning as "Residential (Group A)".

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
25. Car Parking Spaces Nos. 1-3, 58, 67, 68, 75, 77, 78, 80, 81, 95 and 97 on Ground Floor, Royal Knoll, No. 2 Chi Wing Close, Fanling, New Territories, Hong Kong 390/18,230th parts or shares of and in Fanling Sheung Shui Town Lot No. 130	<p>The property comprises 13 car parking spaces on Ground Floor of Royal Knoll. Royal Knoll comprises two 13-storey residential buildings with 1 level podium and a lower ground floor car park. The development was completed in 1999. There is no 4th Floor.</p> <p>The Upper Ground Floor and Lower Ground are devoted to car park uses. The 1st Floor is designed as a clubhouse for residents. The remaining upper floors are used for domestic.</p> <p>The property is held New Grant No. 13082 for a term commencing from 12th September, 1996 to 30th June, 2047.</p> <p>The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.</p>	As at 30th September, 2004, the property was vacant.	HK\$2,600,000

Notes:

1. The registered owner of the property is Tonlok Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. Except Car Park No. 97 on G/F, the property is subject to a mortgage in favour of Bank of Communications.
3. According to the Fanling Sheung Shui Outline Zoning Plan No. S/FSS/12 dated 5th October, 2004, the subject property currently lies within the zoning as "Residential (Group C)2".

Group V: Unsold property held by the Asia Standard Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
26. 38 car parking spaces in Palace Apartment, Ya Bao Road, Chao Yang District, Beijing, The People's Republic of China	<p>The property comprises 38 car parking spaces in a residential development, namely, Palace Apartment.</p> <p>According to the Land Use Right Certificate 市朝中外國用(98)字第 00444 號, by which the subject land is granted, the land use right for commercial use is 40 years commencing from 26th April, 1994 to 25th April, 2064 and for residential use is 70 years commencing from 26th April, 1994 to 25th April, 2064.</p>	As at 30th September, 2004, the property was vacant.	HK\$2,660,000

Notes:

- The subject car parking spaces include B1 and B2 on Ground Level; 17, 21 and 37 on Basement 1; D68, D69, D70, D71, D72, D73, D75, D76, D77, D86, D87, D88, D89, D90, D91, D92, D93, D95, D96, D97, D98, D99, D100, D101, D102, D103, D106, D107, D108, D115, D116, D117 and D131 on Basement 2.
- According to the Land Use Right Certificate 市朝中外國用(98)字第 00444 號, the land use of the subject land is granted to Beijing Hengrun Estate Development Co. Ltd. (北京恒潤房地產開發有限公司), which is the developer of Palace Apartment. No Realty Title Certificates in respect of the subject car parking spaces. We are advised that these carparking spaces have been distributed to Asia Standard (Beijing) Company Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
- We are advised by the Asia Standard Group that the subject car park are transferable of sales.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
27. Unit B, on Level 33, Tower B and Units A, B, C on Level 33, Tower C and Retail Podium on Level 1 to Level 4 and 163 car parking spaces on Basement 1 to Basement 3, Oriental Garden, Junction of Dongmen Central Road and Tongle Road, Luh District, Shenzhen, The People's Republic of China	<p>The property comprises four residential units, all the car parking spaces on Basement 1 to Basement 3 and the retail podium of Oriental Garden. Oriental Garden is a development comprising three high-rise residential blocks on a 4-level retail podium completed in 2004.</p> <p>The gross floor areas of the residential and retail portion of the property are as follows:</p> <p>Residential: 529.65 sq.m. (5,701 sq.ft.)</p> <p>Retail: 12,725.75 sq.m. (136,980 sq.ft.)</p>	As at 30th September, 2004, the property was vacant.	HK\$285,510,000 (26.3% interest attributable to the Asia Standard Group: HK\$75,089,130)
Lot No. 宗地號 : H212-28	<p>According to the Land Use Right Contract 深地合字(2002)1027號, by which the subject land is granted, the land use right is 70 years commencing from 18th April, 2002 to 17th April, 2072.</p>		

Notes:

- Pursuant to the Realty Title Certificate (深房地字第 2000100613號) registered dated 17th May, 2002, 深圳市漁陽房地產投資有限公司 (95%) which is a 26.3% owned associate company of Asia Standard International Group Limited and 深圳市輕工業(集團)股份有限公司 (5%) are the co-owners of Lot No. H212-28.
- As advised by Asia Standard Group, the 5% interest held by 深圳市輕工業(集團)股份有限公司 has been acquired by 深圳市漁陽房地產投資有限公司.

The following is the text of a report prepared by Knight Frank Hong Kong Limited. As described in the section headed "Documents available for inspection" in Appendix V, a copy of the following valuation report is available for inspection.



29/F Office Tower
Convention Plaza, 1 Harbour Road
Wanchai, Hong Kong
+852 2810 8123
+852 2845 0649 Fax

www.knightfrank.com

21st December, 2004

The Directors
Asia Orient Holdings Limited
30th Floor, Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Asia Standard International Group Limited ("Asia Standard") and its subsidiaries (together "the Asia Standard Group"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values of the property interests as at 30th September, 2004.

Our valuation of each of the property interests is our opinion of its open market value which we would define as meaning "the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

Our valuations have been made on the assumption that the owners sell the property interests on the open market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the value of the property interests.

We have valued the properties which are held for operation by the Asia Standard Group as fully operational hotels with the inclusion of fixtures and equipment which are related to the operations.

We have relied to a considerable extent on the information provided by the Asia Standard Group and have accepted advice given to us by the Asia Standard Group on such matters as planning approvals, statutory notices, easements, tenure, trading accounts, development proposal, particulars of occupancy, site and floor areas and all other relevant matters. We have not been provided with extracts of title documents relating to the properties but have caused searches to be made at the Land Registry. We have not scrutinised the original documents to verify ownership or to ascertain the existence of any amendments to the documents. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximations only. We have no reason to doubt the truth and accuracy of the information provided to us by the Asia Standard Group which are material to the valuations. We were also advised by the Asia Standard Group that no material facts have been omitted from the information supplied.

We have inspected the exterior of the properties and did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the properties are or are not free from rot, infestation or any other defects. No tests were carried out on any of the services. In addition, we have not carried out investigations on the site to determine the suitability of the ground conditions and the service etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

No allowance has been made in our valuation for any charges or mortgages on or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

We enclose herewith our summary of valuation and valuation certificate.

Yours faithfully
For and on behalf of
KNIGHT FRANK HONG KONG LIMITED
C. K. Lau
MHKIS MRICS RPS(GP)
Executive Director

Note: Mr. C.K. Lau, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors and a Registered Professional Surveyor in General Practice, has over 11 years post-qualification experience in the valuation of properties in Hong Kong and the People's Republic of China.

SUMMARY OF VALUATION

Property	Capital value in existing state as at 30th September, 2004	Interest attributable to the Asia Standard Group	Capital value in existing state attributable to the Asia Standard Group as at 30th September, 2004
1. Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong	HK\$1,400,000,000	70.04%	HK\$980,560,000
2. Empire Hotel Kowloon, 62 Kimberley Road, Tsim Sha Tsui, Kowloon	HK\$1,350,000,000	70.04%	HK\$945,540,000
		Total:	<u>HK\$1,926,100,000</u>

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
1. Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong Inland Lot No. 8399.	<p>The property comprises a 24-storey (including three Basement levels) hotel building erected on a site with an area of approximately 10,613 sq.ft.. The building was completed in about 1990.</p> <p>The Third Basement of the hotel building is used as back of the house, the Second Basement accommodates a Chinese restaurant, the First Basement accommodates a Western restaurant, the Ground Floor accommodates the hotel lobby and a lobby lounge, the Mezzanine Floor accommodates another Western restaurant and the podium level accommodates a business centre. The 1st Floor to 18th Floor (penthouse) accommodate 360 guest rooms (including 36 suites). A gymnasium and a swimming pool are provided on the penthouse.</p> <p>The existing hotel building has a total gross floor area of approximately 184,000 sq.ft..</p> <p>According to a set of floor plans supplied by the Asia Standard Group, an extension of two more levels on the top floor of the existing hotel building, accommodating 33 new guest rooms, has been approved by the Building Authority. The extension will have a total gross floor area of approximately 9,450 sq.ft..</p> <p>The property is held under Conditions of Exchange No. 11851 for a term of 75 years from 9th July, 1987 renewable for a further term of 75 years.</p> <p>The Government rent payable for the property is HK\$1,000 per annum.</p>	<p>The property is operated by the Asia Standard Group as a hotel except for the 2nd Basement and the Mezzanine Floor which are leased to two tenants.</p> <p>The 2nd Basement is let for a term of six years from 2nd March, 2000 at the following monthly rents:</p> <p>1st-2nd year: HK\$140,000 3rd-4th year: HK\$150,000 5th-6th year: HK\$160,000</p> <p>As mentioned, the above rents are exclusive of rates and other service charges.</p> <p>The tenant of 2nd Basement also agrees to pay an additional rent based on 10% of its Net Operating Profit for each Account period.</p> <p>The Mezzanine Floor is let for a term of three years from 4th June, 2001 at a monthly rent of HK\$75,000 or 10% of sales turnover whichever is greater. The tenant has agreed to renew the tenancy for a term of two years from 4th June, 2004 at a rent of HK\$82,500 per month exclusive of management fees, government rent, rates and operating expenses. The tenant has an option to renew the tenancy for a further term of two years.</p> <p>The above rent excludes turnover rent calculated at 10% of the Sales Turnover of that month less the said monthly rent of HK\$82,500. Where 10% of the Sales Turnover of any month is below HK\$82,500, no Turnover Rent shall be payable for that particular month.</p>	<p>HK\$1,400,000,000 (70.04 % interest attributable to the Asia Standard Group: HK\$980,560,000)</p>

Notes:

- (1) The registered owner of the property is Stone Pole Limited in which Asia Standard has a 70.04% attributable interest.
- (2) The property is subject to a Debenture dated 30th April, 2004 in favour of CITIC Ka Wah Bank Limited registered by Memorial No. 9210421.
- (3) The property is situated within an area zoned for "Commercial/Residential" uses under the Wan Chai Outline Zoning Plan No. S/H5/22 dated 28th May, 2004.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30th September, 2004
2. Empire Hotel Kowloon, 62 Kimberley Road, Tsim Sha Tsui, Kowloon Kowloon Inland Lot No. 11070.	<p>The property comprises a 26-storey (including a Basement and Lower Ground Floor) hotel building erected on an irregular-shaped site with an area of approximately 11,424 sq.ft.. The building was completed in 2001.</p> <p>The hotel accommodates 315 guest rooms (or 328 room bays), several food and beverage outlets and function rooms. In addition, a swimming pool and gymnasium are provided within the development.</p> <p>The property has a total gross floor area of approximately 220,000 sq.ft..</p> <p>The property is held under Conditions of Exchange No. 12392 for a term commencing on 27th April, 1996 and expiring on 30th June, 2047.</p> <p>The annual Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property.</p>	<p>The property is operated by the Asia Standard Group as a hotel except for the 2nd Floor which is leased to a tenant for a term of three years from 1st September, 2004 at a rent of HK\$180,000 per month exclusive of rates and government rent but inclusive of management fee and air-conditioning charges with an option to renew the tenancy for a further term of three years. In addition to the monthly rent payable, the tenant has to pay monthly promotional expenses during the tenancy period as follows:</p> <p>1st year: HK\$20,000 2nd - 3rd year: HK\$15,000</p> <p>The property is also subject to a Licence Agreement for a term expiring on 30th November, 2005 for the installation of Radio Frequency Equipment at portion space of Basement 1 Level and erection of 4 antennae at the external wall of 3rd Floor at a monthly licence fee of HK\$14,000 inclusive of rates, government rent and management fees.</p> <p>The whole of Basements 1 and 2 of the property is subject to a tenancy for a term of two years from 1st February, 2004 at a rent of HK\$138,000 per month inclusive of management fees, government rent and rates, electricity and water charges. The tenant has an option to renew the tenancy for a further term of two years at the then open market rent.</p>	<p>HK\$1,350,000,000 (70.04% interest attributable to the Asia Standard Group: HK\$945,540,000)</p>

Notes:

- (1) The registered owner of the property is Vinstar Development Limited in which Asia Standard has a 70.04% attributable interest.
- (2) The property is subject to a Debenture dated 6th July, 2004 in favour of Bank of China (Hong Kong) Limited registered by Memorial No. 9275856.
- (3) The property is situated within an area zoned for "Commercial" uses under the Tsim Sha Tsui Outline Zoning Plan No. S/K1/19 dated 23rd July, 2004.

The following is the text of a report prepared by Grant Thornton LLP. As described in the section headed “Documents available for inspection” in Appendix V, a copy of the following valuation report is available for inspection.

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

The Directors
Asia Orient Holdings Limited
30th Floor, Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

21st December, 2004

Dear Sirs:

In accordance with your instructions to us to value the property interests of Asia Standard International Group Limited (“Asia Standard”) and its subsidiaries (together “the Asia Standard Group”) in the Empire Landmark Hotel, we confirm that we have carried out a site visit, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values of such property interests as at 30th September, 2004.

The definition of Investment Value appearing in the Uniform Standards of Professional Appraisal Practice, modified for use in Canada, is:

Investment value represents the value of a specific investment to a particular investor. As used in appraisal assignments, investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace.

Investment value reflects the subjective relationship between a particular investor and a given investment. It differs in concept from market value, although investment value and market value indications may be similar. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser.

We have valued the property as a fully operational hotel with the inclusion of fixtures and equipment which are related to the operations. Our valuation is based on our 30th September, 2004 valuation and our review of the financial performance of the property prior to the September date.

We have relied to a considerable extent on the information provided by the management of the Empire Landmark Hotel and have accepted advice given to us by the Asia Standard Group on such matters as planning approvals, statutory notices, easements, tenure, development proposal, development programme, construction cost expended, outstanding construction cost, site and floor areas and all other relevant matters. We have not scrutinised the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate.

We have viewed the exterior of the property and did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services. In addition, we have not carried out investigations on the site to determine the suitability of the ground conditions and the service etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

No allowance has been made in our valuation for any charges or mortgages on or amounts owing in relation to any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We assume that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Based on our work, we conclude that the investment value as at 30th September, 2004 of the Empire Landmark Hotel attributable to the Asia Standard Group is CDN \$49.0 million. We enclose herewith our summary of valuation and valuation certificate.

Yours truly,

GRANT THORNTON LLP

Doug Bastin, CMC

Partner

Mr. Doug Bastin is a Certified Management Consultant (CMC) and has over 25 years' experience in undertaking the valuation of hotel properties in Canada.

SUMMARY OF VALUATION

Property	Capital value projected as at 30th September, 2004 CDN \$	Interest attributable to the Asia Standard Group	Capital value projected attributable to the Asia Standard Group as at 30th September, 2004 CDN \$	Report Date
1. The Empire Landmark Hotel 1400 Robson Street Vancouver, B.C, Canada V6G 1B9	\$70.0 million	70.04%	\$49.0 million	(Per 30th September, 2004 Valuation Report)

VALUATION CERTIFICATE

Property

The Empire Landmark Hotel
1400 Robson Street
Vancouver, B.C., Canada
V6G 1B9

Legal Description:

Lot 1, Block 44
Plan 15341,
District Lot 185,
PID # 003-511-138

Description and Tenure

The property, which was built in 1972 and with 42 floors and 3 levels of underground parking, is one of the tallest buildings in Vancouver.

The property has a registered site area of approximately 40,965 sq.ft. and comprises one city block. The subject property is zoned C6 Commercial; the hotel is a conforming use under this zoning classification.

The hotel currently has 357 guest rooms.

The property has 12 meeting rooms with a combined square footage of 14,000 sq.ft.; the major room is the ballroom with 4,588 sq.ft. of space.

The property includes a restaurant and lounge with 210 seats and a 43 seat lobby bar and 36 seat café.

The property also includes a fitness centre, a business centre, retail space and 10,000 sq.ft. of commercial lease space.

Particulars of Occupancy

The registered owner of this hotel is Liford Limited. This hotel is leased to and operated by Global Gateway Corp., a wholly-owned subsidiary of Asia Standard Hotel International Limited.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies was as follows:

Long position in shares*(a) Company*

Director	Number of Shares held				Percentage of Shares in issue %
	Personal interest	Corporate interest	Family interest	Total	
Poon Jing	31,714,396	38,011,695	1,396,520	71,122,611	35.59
Fung Siu To, Clement	3,949,400	—	—	3,949,400	1.98

(b) Subsidiaries

Director	Subsidiary	Number of shares held			Percentage of shares in issue %
		Personal interest	Corporate interest	Total	
Poon Jing	Asia Standard	4,445,650	2,090,469,712*	2,094,915,362*	50.98
Poon Jing	Asia Standard Hotel Group Limited ("Asia Standard Hotel")	248,937	3,699,148,774*	3,699,397,711*	73.22
Poon Jing and Fung Siu To, Clement	Centop Investment Limited	—	20	20	20
Fung Siu To, Clement	Mark Honour Limited	9	—	9	9

* 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 interest in the Company, Mr. Poon Jing is deemed to be interested in the shares of all the Company's subsidiaries.

Long positions in underlying shares

Interest in share options

(a) The Company

On 26th March, 2004, options to subscribe for 300,000 Shares at exercise price of HK\$17.33 per Share granted to each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Kwan Po Lam, Phileas and Lun Pui Kan, the Directors, were cancelled. On 12th February, 2004, options to subscribe for 1,718,000 Shares were granted to each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Kwan Po Lam, Phileas and Lun Pui Kan at exercise price of HK\$3.3 per Share. These options are exercisable from 12th February, 2004 to 11th February, 2014. Each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Kwan Po Lam, Phileas and Lun Pui Kan had options to subscribe for 1,718,000 Shares as at the Latest Practicable Date.

(b) Subsidiary — Asia Standard

Options to subscribe for 1,750,000 shares of Asia Standard were granted to Mr. Lun Pui Kan on 27th February, 1995. The options are exercisable from 27th March, 1995 to 27th March, 2005 at exercise price of HK\$0.384 per share of Asia Standard. As at the Latest Practicable Date, Mr. Lun Pui Kan held options to subscribe for 1,750,000 shares of Asia Standard.

(c) Associated company — Q9

As at the Latest Practicable Date, details of the share options granted to Directors under the share option schemes are as follows:

Name of Director	Exercise Period*	Share Option	
		Pre-IPO Share Option Scheme	Scheme adopted on 7th May, 2001
Lim Yin Cheng	See note 1	84,480,000	
Fung Siu To, Clement	See note 2	2,560,000	
Lun Pui Kan	See note 2	1,920,000	
	18th May, 2001 to 17th May, 2011		3,000,000
Kwan Po Lam, Phileas	18th May, 2001 to 17th May, 2011		1,000,000

- Note: 1.* Options under the Pre-IPO Share Option Scheme were granted on 5th May, 2001 at exercise price of HK\$0.36 per share and options under the Share Option Scheme adopted on 7th May, 2001 were granted on 18th May, 2001 at exercise price of HK\$0.45 per share.
- * 2. The exercise period is, unless otherwise stated in that column, from 5th May, 2001, the date of grant of the options (subject to such options having vested, details of which are set out below), to 4th May, 2011, ten years from the date of grant. The vesting dates of the options and the percentage of options vested or vesting on such dates are set out below.

Date of vesting of the options (that is, the date when the options become/became exercisable)	Percentage of options vested/vesting on such dates	
	(Note 1)	(Note 2)
a. 18th November, 2001	10%	10%
b. 18th May, 2002	10%	20%
c. 18th November, 2002	10%	20%
d. 18th May, 2003	20%	20%
e. 18th November, 2003	20%	20%
f. 18th May, 2004	20%	10%
g. 18th November, 2004	10%	—

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

As at the Latest Practicable Date, none of the Directors:

- (a) had any direct or indirect interests in any assets which have since 31st March, 2004 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group; and
- (b) was materially interested in any contracts or arrangements entered into by any members of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, the following parties had an interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(a) Long position in Shares

Name	Number of Shares held	Percentage (%)
Poon Jing (<i>notes 1 and 2</i>)	71,122,611	35.59
Teddington Holdings Limited (“Teddington”)	15,856,581	7.94
Heston Holdings Limited (“Heston”)	13,209,717	6.61
Lau Luen Hung, Thomas (<i>note 3</i>)	13,428,180	6.72
Cheung Chung Kiu (<i>note 4</i>)	11,590,886	5.80
Palin Holdings Limited (<i>note 4</i>)	11,590,886	5.80
Chongqing Industrial Limited (<i>note 4</i>)	11,590,886	5.80
Yugang International Limited (<i>note 4</i>)	11,590,886	5.80
Yugang International (BVI) Limited (<i>note 4</i>)	11,590,886	5.80
The Cross-Harbour (Holdings) Limited (<i>note 5</i>)	12,500,000	6.26

Notes:

- Mr. Poon Jing, his family interest and the companies wholly-owned by him namely Teddington, Heston and Full Speed Investments Limited together hold 71,122,611 Shares.
- The interest of Mr. Poon Jing in the Company duplicate the interest of Teddington and Heston.
- Mr. Lau Luen Hung has personal interest in 5,928,180 Shares and has controlling interest of 50% in Swarkin Assets Ltd. (“Swarkin”) which holds 7,500,000 Shares. By virtue of the SFO, Mr. Lau is deemed to be interested in 7,500,000 Shares held by Swarkin.
- Mr. Cheung Chung Kiu is deemed to be interested in the Shares by virtue of his indirect shareholding in Yugang International (BVI) Limited. Yugang International (BVI) Limited is deemed to be interested in the Shares by virtue of his indirect interest in Worthwell Investments Limited, which owns 9,630,666 Shares and Bookman Properties Limited, which owns 1,960,220 Shares. Yugang International (BVI) Limited is a wholly-owned subsidiary of Yugang International Limited. Chongqing Industrial Limited owns 37.79% of the issued share capital of Yugang International Limited. Chongqing Industrial Limited is controlled by a discretionary trust. Mr. Cheung Chung Kiu is the founder of the said discretionary trust and Palin Holdings Limited, which is controlled by Mr. Cheung Chung Kiu, is the trustee of the said discretionary trust.
- The Cross-Harbour (Holdings) Limited has controlling interest (100%) in Gold Faith Investments Limited through a wholly-owned subsidiary Wingspan Limited. The Cross-Harbour (Holdings) Limited and Wingspan Limited are deemed to be interested in and duplicate the interest in the 12,500,000 shares of the Company held by Gold Faith Investments Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons who had interests or short position in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Directors confirm that they and their associates have no interests in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

5. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to the bye-laws of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

If a poll is demanded, it shall (subject to any poll duly demanded on the election of a Chairman of a meeting, or on any question of adjournment, shall be taken at the meeting and without adjournment) be taken in such manner and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded, as the Chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

6. MATERIAL CONTRACTS

No contracts, not being contracts in the ordinary course of business, have been entered into by members of the Group, within the two years preceding the date of this circular which are or may be material.

7. LITIGATION

Neither the Company nor any of its subsidiaries are engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. QUALIFICATIONS OF THE EXPERTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants
Vigers Appraisal & Consulting Limited	Professional Surveyors and Valuers
Knight Frank Hong Kong Limited	Professional Surveyors and Valuers
Grant Thornton LLP	Professional Appraisers and Valuers

Each of PricewaterhouseCoopers, Vigers, Knight Frank Hong Kong Limited and Grant Thornton LLP has given and has not withdrawn its written consent to the issue of the circular with the inclusion herein of its letter or references to its name in the form and context in which they respectively appear.

None of PricewaterhouseCoopers, Vigers, Knight Frank Hong Kong Limited and Grant Thornton LLP has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

None of PricewaterhouseCoopers, Vigers, Knight Frank Hong Kong Limited and Grant Thornton LLP had any direct or indirect interests in any assets which have since 31st March, 2004 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group.

9. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

10. GENERAL

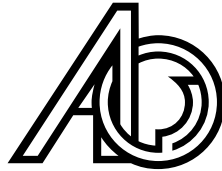
- The secretary of the Company is Ms. Chiu Yuk Ching, *ACIS*.
- The qualified accountant of the Company is Mr. Lun Pui Kan, *ACCA*.
- The principal share registrars and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda and the branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- The business address of the Directors is at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- The English text of this circular prevails over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal office of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong up to and including 6th January, 2005.

- the Company's memorandum of association and bye-laws;
- the accountants' report from PricewaterhouseCoopers on the financial information of the Group, the text of which is set out in Appendix I to this circular;
- a letter from PricewaterhouseCoopers in respect of the pro forma financial information of the Group as set out in Appendix II to this circular;
- the valuation report of Vigers as referred to in Appendix IV to this circular;
- the valuation report of Knight Frank Hong Kong Limited as referred to in Appendix IV to this circular;
- the valuation report of Grant Thornton LLP as referred to in Appendix IV to this circular;

- the letters of consent referred to under the section headed “Qualifications of the Experts” in this appendix;
- the annual report of the Company for each of the two years ended 31st March, 2003 and 2004;
- the circular of the Company dated 30th July, 2004 in relation to general mandates to issue shares and repurchase shares, re-election of a Director and amendments to the bye-laws of the Company;
- the circular of the Company dated 11th August, 2004 in relation to the adoption of a new share option scheme by Asia Standard; and
- the circular of the Company dated 19th November, 2004 in relation to the disposal of a 50% interest in Paramount Shine Limited to GAML, entering into a joint venture arrangement and financial assistance to the joint venture.



ASIA ORIENT HOLDINGS LIMITED

(滙漢控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 214)

NOTICE IS HEREBY GIVEN that a special general meeting of Asia Orient Holdings Limited (“Company”) will be held at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Thursday, 6th January, 2005 at 10:30 a.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the sale by the Company of not more than 40,000,000 shares (“Asia Standard Shares”) held by it in Asia Standard International Group Limited (“Asia Standard”) (representing approximately 1.0% of the issued share capital of Asia Standard) (the “Sale”) to any person(s) who is/are independent of (a) the Company, (b) any director, chief executive or substantial shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules) or (c) any connected person (as defined in the Listing Rules) of the Company at such price which is equal to or exceeds 90% of the average market closing price of the Asia Standard Shares for the ten preceding trading days immediately prior to the Sale and at such time or times as the Director of the Company thinks fit provided that the Sale shall be completed within six (6) months from the date that this resolution is accepted be and is hereby authorized and approved and **THAT** the Directors of the Company be and are hereby authorized to do any act or sign any document so as to give effect to and implement the Sale as they may in their discretion consider to be desirable and in the interest of the Company.”

By order of the Board

Chiu Yuk Ching

Secretary

Hong Kong, 21st December, 2004

Notes:

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.

* *For identification purpose only*

NOTICE OF SGM

2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.
4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the principal office of the Company 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.



ASIA ORIENT HOLDINGS LIMITED

(滙漢控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 214)

Form of proxy for use at the special general meeting to be held on Thursday, 6th January, 2005 at 10:30 a.m.

I/We¹ _____
of _____
being holder(s) of _____² shares of HK\$0.10 each in the
capital of Asia Orient Holdings Limited (the "Company") HEREBY APPOINT the Chairman of the meeting³
or _____
of _____
as my/our proxy to act for me/us at the special general meeting (or at any adjournment thereof) (the
"Meeting") of the Company, to be held at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong
Kong on Thursday, 6th January, 2005 at 10:30 a.m. on the same date or any adjournment thereof, and in
particular (but without limitation) at the Meeting to vote for me/us and in my/our name(s) in respect of the
resolution set out in the notice convening the Meeting as indicated below, or, if no such indication is given,
as my/our proxy thinks fit.

	FOR ⁴	AGAINST ⁴
ORDINARY RESOLUTION		

Date this _____ day of _____ Signed: _____

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of shares registered in your name(s) to which the proxy relates. If no number is inserted, this form of proxy will be deemed to relate to all those shares in the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, strike out the words "the Chairman of the meeting" and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON(S) WHO SIGN(S) IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK IN THE BOX MARKED "FOR" THE RELEVANT RESOLUTION. IF YOU WISH TO VOTE AGAINST A RESOLUTION, TICK IN THE BOX MARKED "AGAINST" THE RELEVANT RESOLUTION.** Failure to tick either box will entitle your proxy to cast your vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than that referred to in the notice convening the Meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney or other person duly authorised.
6. In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the principal office of the Company 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 the holding of the Meeting.
7. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
8. The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
9. Completion and deposit of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish.

* For identification purpose only