

Interim Report 2001



Asia Orient
Holdings Limited

Corporate Information

DIRECTORS

Mr. Fung Siu To, Clement (Chairman)
Mr. Lim Yin Cheng (Deputy Chairman)
Mr. Poon Jing (Managing Director)
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Chan Sze Hung
(Independent non-executive Director)
Mr. Cheung Kwok Wah, Ken
(Independent non-executive Director)

AUDIT COMMITTEE

Mr. Chan Sze Hung
Mr. Cheung Kwok Wah, Ken

AUTHORISED REPRESENTATIVES

Mr. Fung Siu To, Clement
Mr. Lun Pui Kan

COMPANY SECRETARY

Ms. Chiu Yuk Ching

REGISTERED OFFICE

Cedar House,
41 Cedar Avenue,
Hamilton HM12,
Bermuda

PRINCIPAL OFFICE IN HONG KONG

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PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
The Bank of East Asia Limited
Chiyu Banking Corporation Limited
Liu Chong Hing Bank Limited
Bank of Communications

LEGAL ADVISERS

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

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

AUDITORS

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

SHARE REGISTRAR IN BERMUDA

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Consolidated Profit and Loss Account – unaudited

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Asia Orient Holdings Limited

	Note	Six months ended 30th September	
		2001 HK\$'000	2000 HK\$'000
Turnover	3	510,724	436,126
Cost of sales		(364,831)	(293,142)
Gross profit		145,893	142,984
Administrative expenses		(79,540)	(72,437)
Other charges	4	(45,095)	(134,683)
Operating profit / (loss)	5	21,258	(64,136)
Finance costs	6	(57,137)	(72,769)
Share of profits less losses of			
Jointly controlled entities		(2,690)	(19,086)
Associated companies		(45,474)	1,153
Loss before taxation		(84,043)	(154,838)
Taxation	7	(6,061)	(7,416)
Loss after taxation		(90,104)	(162,254)
Minority interests		45,520	91,479
Loss attributable to shareholders		(44,584)	(70,775)
Loss per share	8	(0.60) cent	(0.94) cent

Consolidated Balance Sheet – unaudited

	Note	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Goodwill	9	31,819	–
Fixed assets		4,858,008	4,679,760
Jointly controlled entities		310,871	300,806
Associated companies		667,619	680,192
Mortgage loans receivable		56,302	93,364
Current assets			
Properties held for / under development for sale		1,729,475	1,908,966
Completed properties held for sale		1,002,190	907,516
Hotel and restaurant inventories		3,553	3,395
Debtors and prepayments	10	392,233	354,407
Other investments		351,490	277,046
Tax recoverable		2,773	2,957
Bank balances and cash		388,411	490,710
		3,870,125	3,944,997
Current liabilities			
Deposits received from sale of properties		2,267	2,425
Creditors and accruals	11	360,753	279,676
Short term bank loans and overdrafts			
Secured		97,281	149,081
Unsecured		33,000	58,360
Convertible bonds		251,290	251,290
Current portion of long term loans	14	313,012	289,024
Taxation		33,036	29,878
		1,090,639	1,059,734
Net current assets		2,779,486	2,885,263
		8,704,105	8,639,385
Financed by:			
Share capital	12	37,457	37,457
Reserves	13	2,837,854	2,857,710
Shareholders' funds		2,875,311	2,895,167
Convertible notes		60,000	60,000
Long term loans	14	2,555,869	2,442,053
Minority interests and loans		3,212,925	3,242,165
		8,704,105	8,639,385

Condensed Consolidated Cash Flow Statement – unaudited

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Asia Orient Holdings Limited

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Net cash inflow / (outflow) from operating activities	144,646	(121,979)
Net cash outflow from returns on investments and servicing of finance	(89,526)	(197,343)
Total taxation paid	(2,480)	(598)
Net cash outflow from investing activities	(217,970)	(309,677)
Net cash outflow before financing	(165,330)	(629,597)
Net cash inflow from financing	54,305	521,454
Decrease in cash and cash equivalents	(111,025)	(108,143)
Cash and cash equivalents at beginning of period	363,551	690,780
Changes in exchange rates	(1,424)	936
Cash and cash equivalents at end of period	251,102	583,573
Analysis of balances of cash and cash equivalents		
Bank balances, unrestricted	351,383	677,969
Short term bank loans and overdrafts	(100,281)	(94,396)
	251,102	583,573

Consolidated Statement of Recognised Gains and Losses – unaudited

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Revaluation surplus on hotel properties	16,460	–
Exchange differences arising on translation of accounts of overseas subsidiaries, associated companies and jointly controlled entities	(1,162)	(2,279)
Net gains / (losses) not recognised in the profit and loss account	15,298	(2,279)
Loss for the period attributable to shareholders	(44,584)	(70,775)
Release of goodwill upon deemed disposal of an associated company	9,430	–
Release of reserve upon deemed disposal of subsidiary	–	(42,552)
Total recognised losses	(19,856)	(115,606)
Effect of change in accounting policy to opening revenue reserve brought forward as at 1st April 2001	(234,000)	–

Notes to the Interim Consolidated Accounts

1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the requirements of Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" as issued by the Hong Kong Society of Accountants.

2. ACCOUNTING POLICIES

In 2001, the Group adopted the following revised or new Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants.

SSAP 9 (revised):	Events after the balance sheet date
SSAP 14 (revised):	Leases
SSAP 26:	Segment reporting
SSAP 28:	Provisions, contingent liabilities and contingent assets
SSAP 29:	Intangible assets
SSAP 30:	Business combinations
SSAP 31:	Impairment of assets
SSAP 32:	Consolidated financial statements and accounting for investments in subsidiaries

The effect of adopting these SSAPs is set out below:

- (a) In accordance with the revised SSAP 9, dividends proposed after the balance sheet date are no longer recognised as liability at the balance sheet date. This change in accounting policy has no effect to the interim accounts for the corresponding previous period.
- (b) Goodwill arising on acquisition of subsidiaries occurring on or after 1st April 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. Goodwill on acquisitions, which occurred prior to 1st April 2001 was taken directly to reserves. The Group has taken advantage of the transitional provisions of SSAP 30 and goodwill previously written off against reserves has not been restated. Any impairment arising on such goodwill is accounted for in accordance with SSAP 31. The effect of this change in the accounting policy is to decrease the revenue reserve and increase the capital reserve as at 1st April 2001 by HK\$234 million.

Apart from the foregoing, the principal accounting policies adopted in preparing the unaudited interim financial report are consistent with those described in the 2001 Annual Report and Accounts.

3. TURNOVER AND CONTRIBUTION TO OPERATING PROFIT / (LOSS)

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

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

	Turnover		Contribution to operating profit / (loss)	
	Six months ended 30th September		Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By principal activities				
Property sales	161,589	251,074	1,328	15,176
Property investment	30,166	17,878	25,146	11,951
Hotel, travel agency and management services businesses	218,675	96,913	23,859	33,706
Investment and others	100,294	70,261	(15,546)	33,454
	510,724	436,126	34,787	94,287
Unallocated corporate expenses			(40,008)	(34,690)
Gain / (loss) on deemed disposal of:				
an associated company			26,479	–
a subsidiary			–	(123,733)
Operating profit / (loss)			21,258	(64,136)

Notes to the Interim Consolidated Accounts

3. TURNOVER AND CONTRIBUTION TO OPERATING PROFIT / (LOSS) (CONTINUED)

	Turnover		Contribution to operating profit / (loss)	
	Six months ended 30th September		Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By principal markets				
Hong Kong	414,737	362,024	11,585	72,816
People's Republic of China excluding Hong Kong	46,578	21,420	2,379	249
Canada	49,409	52,682	20,823	21,222
	510,724	436,126	34,787	94,287
Unallocated corporate expenses			(40,008)	(34,690)
Gain/(loss) on deemed disposal of:				
an associated company			26,479	–
a subsidiary			–	(123,733)
Operating profit / (loss)			21,258	(64,136)

4. OTHER CHARGES

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Net unrealised loss on other investments	(64,129)	(10,950)
Gain / (loss) on deemed disposal of:		
an associated company	26,479	–
a subsidiary	–	(123,733)
Amortisation of goodwill	(1,675)	–
Provision for diminution in value of properties held for sale	(1,729)	–
Pre-operating expenses of Empire Kowloon Hotel	(4,041)	–
	(45,095)	(134,683)

5. OPERATING PROFIT / (LOSS)

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Operating profit / (loss) has been arrived at after crediting and charging the following:		
Crediting		
Net rental income (note a)	25,146	11,951
Dividends from listed investments	947	85
Interest income	26,605	32,145
Charging		
Depreciation of fixed assets	4,338	4,248
Staff costs (note b)	39,389	35,281
(a) Net rental income		
Gross rental income	30,166	17,878
Outgoings	(5,020)	(5,927)
	25,146	11,951
(b) Staff costs		
Staff costs	41,653	40,089
Capitalised under properties under development	(2,264)	(4,808)
	39,389	35,281

Notes to the Interim Consolidated Accounts

6. FINANCE COSTS

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Interest expense		
Long term bank loans	90,308	123,988
Exchangeable bonds	–	1,421
Convertible notes	1,504	–
Convertible bonds	11,017	11,017
Loans from minority shareholders of subsidiaries	3,004	2,580
Short term bank loans and overdrafts	2,881	4,312
Other incidental borrowing costs	4,022	15,486
	112,736	158,804
Capitalised as cost of properties under development		
Interest expense	(55,430)	(83,740)
Other incidental borrowing costs	(169)	(2,295)
	57,137	72,769

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (30th September 2000: 16%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Company and subsidiaries		
Hong Kong profits tax	(185)	(5,210)
Overseas tax	(3,257)	(1,268)
Underprovision in prior years	(2,280)	(388)
	(5,722)	(6,866)
Associated companies		
Hong Kong profits tax	(339)	(550)
	(6,061)	(7,416)

8. LOSS PER SHARE

The calculation of loss per share is based on loss attributable to shareholders of HK\$44,584,000 (30th September 2000: HK\$70,775,000) and on the weighted average 7,491,321,498 (30th September 2000: 7,491,321,498) shares in issue during the period.

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

9. GOODWILL

	HK\$'000
Acquisition of a subsidiary	33,494
Amortisation	(1,675)
Net book amount as at 30th September 2001	<u>31,819</u>

On 6th April 2001, the Group acquired the entire share capital of JBC Travel Company Limited ("JBC") at a consideration of HK\$36,000,000 from Hong Kong Enterprise International Limited, a company owned by Mr. Poon Jing, a Director of the Company. JBC is engaged in the travel agency and tour business.

10. DEBTORS AND PREPAYMENTS

Debtors and prepayments include trade debtors, utility and other deposits, stakeholders' accounts, interest and other receivables. Trade debtors amounted to HK\$64,431,000 (HK\$84,336,000 as at 31st March 2001) of which 92% (97% as at 31st March 2001) was aged under six months.

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

11. CREDITORS AND ACCRUALS

Creditors and accruals include trade creditors, rental and management fee deposits, interest and other payables, retentions payable of construction costs and various accruals. Trade creditors amounted to HK\$32,372,000 (HK\$13,294,000 as at 31st March 2001) of which 99% (98% as at 31st March 2001) was aged under six months.

Notes to the Interim Consolidated Accounts

12. SHARE CAPITAL

	Authorised Shares of HK\$0.005 each	
	Number of shares	HK\$'000
At 31st March 2001 and 30th September 2001	15,000,000,000	75,000

	Issued and fully paid Shares of HK\$0.005 each	
	Number of shares	HK\$'000
At 31st March 2001 and 30th September 2001	7,491,321,498	37,457

13. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Revaluation reserves			Contributed surplus HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
			Investment properties HK\$'000	Hotel properties HK\$'000	Other properties HK\$'000			
At 31st March 2001, as previously reported	1,391,348	242,488	100,767	110,024	23,032	980,201	9,850	2,857,710
Change in accounting policy with respect to goodwill	-	234,000	-	-	-	-	(234,000)	-
At 31st March 2001, as restated	1,391,348	476,488	100,767	110,024	23,032	980,201	(224,150)	2,857,710
Release of goodwill upon deemed disposal of an associated company	-	9,430	-	-	-	-	-	9,430
Surplus on revaluation	-	-	-	16,460	-	-	-	16,460
Translation difference	-	-	-	(854)	-	-	(308)	(1,162)
Loss for the period retained	-	-	-	-	-	-	(44,584)	(44,584)
At 30th September 2001	1,391,348	485,918	100,767	125,630	23,032	980,201	(269,042)	2,837,854

14. LONG TERM LOANS

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Bank loans, secured		
Repayable within one year	313,012	289,024
Repayable between one and two years	517,211	314,268
Repayable between two and five years	765,413	819,556
Repayable after five years	1,273,245	1,308,229
	2,868,881	2,731,077
Current portion included in current liabilities	(313,012)	(289,024)
	2,555,869	2,442,053

The aggregate net book value of fixed assets, properties held for / under development for sale and completed properties held for sale pledged to banks to secure certain banking facilities of the Group amounts to HK\$6,794,000,000 (31st March 2001: HK\$6,650,000,000).

15. CONTINGENT LIABILITIES

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Guarantee for the banking and loan facilities of		
Associated companies	214,763	218,558
Jointly controlled entities	155,610	152,610
Third parties	5,531	29,381
	375,904	400,549

Notes to the Interim Consolidated Accounts

16. COMMITMENTS

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Capital commitments		
Contracted but not provided for	–	58,028
Operating lease commitments		
Future aggregate minimum lease payment under non-cancellable operating leases in respect of land and buildings, payable:		
Within one year	6,854	4,230
In the second to fifth years inclusive	14,458	7,901
After five years	4,002	4,992
	25,314	17,123
Other commitments	20,162	14,624
	45,476	89,775

17. SUBSEQUENT EVENTS

- (a) In October 2001, the Group has entered into an agreement to dispose of its 53.4% interests in Cheerful Resources Limited which holds a 40% interest in a property development project in Panyu, the PRC. The estimated gain on disposal is approximately HK\$20 million. The transaction is expected to be completed in March 2002.
- (b) On 19th November 2001, the Group's listed subsidiary Asia Standard International Group Limited ("Asia Standard") entered into a subscription agreement with Westrata Investment Limited ("Westrata"), a substantial shareholder of Asia Standard, whereby Westrata will subscribe for HK\$290 million 7% five year convertible bonds to be issued by Asia Standard International Capital Limited, a wholly owned subsidiary of the Asia Standard group. In addition to requiring the approval of shareholders of Asia Standard and that of the Company, the subscription agreement is conditional on certain conditions being satisfied by 15th January 2002.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend (30th September 2000: Nil).

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

Results

Turnover for the period amounted to HK\$511 million, representing an increase of 17% from corresponding period of last year. Loss attributable to shareholders had reduced to HK\$45 million, representing a 37% decrease from HK\$71 million of last period. Net assets remained approximately the same at HK\$2.9 billion, or HK\$0.39 per share.

Property development and investment

The Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") remained at 53.4% as at 30th September 2001. The Group shared an attributable loss of HK\$49 million from Asia Standard. During the period under review, Asia Standard continued to focus on clearing remaining inventory. About 170,000 sq. ft. of residential and commercial properties were sold during the period, compared to 190,000 sq. ft. of last period. It currently holds 140,000 sq. ft. inventories of office, residential units and shops in Hong Kong. Royalton II at Pokfulam, a 31,000 sq. ft. luxurious residential development was completed at end of August and launched for sale in the second half of the financial year. Presale consent for another 94,000 sq. ft. mass residential development at Shaukeiwan was also applied which will contribute to next year's sales.

Rental income increased by 67% to HK\$30 million mainly due to the completion of substantial renovation at Asia Standard Tower with occupancy substantially picked up by beginning of the period. Leasing activities for the office building, 8 Wing Hing Street in Causeway Bay, commenced in January 2001 and is now over 80% let. Rental income for Asia Orient Tower and China United Centre remained approximately the same.

Currently, the Group is actively pursuing the land premium negotiation of six development sites totalling approximately 1,200,000 sq. ft. gross floor area.

In October 2001, Asia Standard has contracted to dispose of its 40% interests in the Panyu development project at a total consideration of approximately HK\$118 million. Completion is expected to take place by March 2002. The transaction will bring in a gain of approximately HK\$20 million to the Group.

Hotel operation for the period remained steady as last corresponding period. The effect of terrorist attacks in America in mid September do have a short term adverse effect on the industry and would be reflected in the coming financial period. In April 2001, the Hotel Group acquired a travel agency business which contribute significantly to the Group's turnover.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS (CONTINUED)**Investment in technology companies**

As mentioned in the last annual report, the Group's technology investments, Q9 Technology Holdings Limited, was successfully listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited in May 2001. Following the floatation, the Group's interests in the company was diluted from 40% to 32%, with HK\$26 million gain reported in this accounting period.

The Group's another 40% joint venture entity, China Infobank Limited, continue to do well in penetrating the PRC universities sector, with approximately 20 universities already joined as subscribers. The company is focusing in this category on another 40 PRC universities, and selected international universities. The company is also negotiating with overseas information content provider to be its sole agent of information content distributors in their countries.

Due to declining market price of the Group's listed investments in technology stocks, unrealised loss of HK\$26 million was recorded at the period end compared with a gain of HK\$34 million in the last corresponding period. The Group also made HK\$16 million provision for some of its unlisted technology investments.

Financial review

Excluding the Asia Standard group, the Group has HK\$163 million cash, bank loans and overdraft of HK\$83 million, and HK\$60 million convertible notes maturing on 15th January 2003.

As at 30th September 2001, the Group has contingent liabilities in respect of guarantees given to banks and financial institution on credit facilities to associated companies, jointly controlled entities and third parties of HK\$376 million (March 2001: HK\$401 million).

As at 30th September 2001, fixed assets, properties held for/under development for sale and completed properties held for sale with an aggregate net book value of HK\$6,794 million (March 2001: HK\$6,650 million) were pledged to secure banking facilities of the Group.

In November 2001, Asia Standard has contracted to issue a HK\$290 million 5 year convertible bond to an existing shareholder - the Grosvenor group of England. Completion is expected to take place in January 2002.

Employees and remuneration policies

As at 30th September 2001, the Group employed a total of 757 full time employees, with over 85% working for the hotel subsidiary group. Their remuneration package, which commensurate with their job nature and experience level, include basic salary, annual bonus, retirement and other benefits. There was no share option granted during the period.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS (CONTINUED)**Prospects**

At the moment, Hong Kong is experiencing historic low interest rate environment. People's affordability of mortgage payments is at all time high. The recent surge in transaction volume would improve the demand / supply situation. Rental yield has become attractive relative to cost of funds. Our Group is expecting the recovery of property market after a long time of set back.

With increasing trade between China and other parts of the world following its entry into the WTO, together with the liberation of gambling licence of Macau and the construction of Walt Disney Theme Park in Hong Kong, more visitors are expected to come to or transit through Hong Kong. We expect the Group's hotel operation would contribute more in the coming years.

The listing of Q9 Technology Holdings Limited is a major success of the Group's technology investments during the period. The Group will continue the effort to nurture other existing investments and also look for new investments when opportunities arise.

PROFORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES

The Group had amounts due from and loans to certain affiliated companies in a total sum of HK\$1,150 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$370 million totalling HK\$1,520 million as at 30th September 2001 which exceeds 25% of the Group's net assets. A proforma combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group's attributable interest in these affiliated companies are presented below:

	Proforma combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Fixed assets	5,704	2,111
Investment properties	1,000,000	330,000
Investment securities	151,618	75,809
Jointly controlled entities	96,522	21,730
Properties under development	2,002,932	995,099
Current assets	108,130	39,356
Current liabilities	(122,662)	(40,874)
Long term bank and other loans	(807,250)	(370,373)
Minority interests	(20,083)	(10,042)
Shareholders' advance	(2,357,389)	(1,149,691)
Net assets / (liabilities)	<u>57,522</u>	<u>(106,875)</u>

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY SECURITIES

As at 30th September 2001, the interests of the Directors and Chief Executives in the equity securities of the Company and its associated corporations (as defined under the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or as otherwise known to the Directors, were as follows:

a) The Company

(i) Interests in shares

Name of director	Personal interests	Number of shares held		Total as at 30th September 2001
		Family interests	Corporate interests	
Mr. Poon Jing	1,490,721,800	69,826,000	1,900,584,936	3,461,132,736

(ii) Interests in share options

Name of director	Nature of interests	Exercised during the period	Exercise price	Number of options held as at 30th September 2001
Mr. Fung Siu To, Clement	Personal	Nil	HK\$0.3466	15,000,000
Mr. Lim Yin Cheng	Personal	Nil	HK\$0.3466	15,000,000
Mr. Lun Pui Kan	Personal	Nil	HK\$0.3466	15,000,000
Mr. Kwan Po Lam, Phileas	Personal	Nil	HK\$0.3466	15,000,000

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY SECURITIES (CONTINUED)**b) Subsidiaries****(i) Interests in shares**

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

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

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

(ii) Interests in share options

Name of director	Name of subsidiary	Nature of interests	Exercised during the period	Exercise price	Number of
					options held as at 30th September 2001
Mr. Lun Pui Kan	Asia Standard	Personal	Nil	HK\$0.384	1,750,000

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY SECURITIES (CONTINUED)**b) Subsidiaries (continued)****(iii) Interests in share warrants**

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

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

c) Associated company – Q9 Technology Holdings Limited**Interests in share options**

Pursuant to the Pre-IPO Share Option Scheme adopted by Q9 Technology Holdings Limited ("Q9") on 5th May 2001 and the Share Option Scheme adopted by Q9 on 7th May 2001, particulars of the outstanding options which have been granted under the Pre-IPO Share Option Scheme and the Share Option Scheme are set out below:

Name of Director	Exercise Price	Option Exercise Period*	Number of share options held as at 30 September 2001
Mr. Lim Yin Cheng	HK\$0.36	See note 1 below	84,480,000
Mr. Fung Siu To, Clement	HK\$0.36	See note 2 below	2,560,000
Mr. Kwan Po Lam, Phileas	HK\$0.45	18/5/01 to 17/5/11	1,000,000
Mr. Lun Pui Kan	HK\$0.36	See note 2 below	1,920,000
Mr. Lun Pui Kan	HK\$0.45	18/5/01 to 17/5/11	3,000,000

* Option period commenced from date of grant and terminating ten years thereafter. No options granted pursuant to the Pre-IPO Share Option Scheme and Share Option Scheme had been exercised as at 30th September 2001.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY SECURITIES (CONTINUED)**c) Associated company – Q9 Technology Holdings Limited (continued)**

The options may be exercised at any time within the option period provided that the options have been vested. Generally, the options are vested in different tranches and may be exercised within the option period.

Note 1:

Commencement date when the options shall vest and be exercisable:	Percentage of options exercisable by each grantee in respect of options granted
(a) the date falling six months from 18th May 2001	10%
(b) the date falling six months from the date in (a)	10%
(c) the date falling six months from the date in (b)	10%
(d) the date falling six months from the date in (c)	20%
(e) the date falling six months from the date in (d)	20%
(f) the date falling six months from the date in (e)	20%
(g) the date falling six months from the date in (f)	10%

Note 2:

Commencement date when the options shall vest and be exercisable:	Percentage of options exercisable by each grantee in respect of options granted
(a) the date falling six months from 18th May 2001	10%
(b) the date falling six months from the date in (a)	20%
(c) the date falling six months from the date in (b)	20%
(d) the date falling six months from the date in (c)	20%
(e) the date falling six months from the date in (d)	20%
(f) the date falling six months from the date in (e)	10%

Save as disclosed above, as at 30th September 2001 none of the Directors or the Chief Executives was interested in the equity securities of the Company or any of its associated corporations as at 30th September 2001 and none of the Directors or Chief Executives or his spouse or children under 18 years of age had been granted or exercised any right to subscribe for such equity securities during the period.

SUBSTANTIAL SHAREHOLDERS

At 30th September 2001, the register of substantial shareholders maintained pursuant to Section 16(1) of the SDI Ordinance showed that the Company had been notified of the following interests, being 10% or more of the Company's issued share capital.

	Number of shares held as at 30th September 2001
Mr. Poon Jing	1,490,721,800
Teddington Holdings Limited ("Teddington")	792,829,080

Teddington is controlled by Mr. Poon Jing and the interest held by it are included in Mr. Poon Jing's corporate interests disclosed under the heading "Directors' and Chief Executives' interests in Equity Securities" above.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30th September 2001.

AUDIT COMMITTEE

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

By Order of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 20th December 2001