

COSY

AN IDEAL DWELLING FOR YOU AND YOUR FAMILY



Maintaining a solid position in the property market, Asia Standard International Group Limited strives to construct quality buildings catered for your residential needs.

CHAIRMAN'S STATEMENT

I am pleased to present the annual report of the Group for the year ended 31st March 2001 to the shareholders.

RESULTS AND APPROPRIATIONS

Turnover for the year amounts to HK\$673 million against HK\$1,401 million of last year. Loss attributable to shareholders for the year was HK\$358 million. The Board of Directors does not recommend the payment of a dividend.



*Royalton in Pokfulam
(left — phase II; right — phase I)*

BUSINESS REVIEW

Properties sales and development

Property market in Hong Kong has been weak throughout the year with transaction prices and volume dwindling at low level. Property sales turnover has reduced to HK\$407 million from HK\$1 billion of last year. About 120,000 sq.ft. of properties were sold this year against last year's 280,000 sq.ft. Sales effort were directed towards clearing inventory. These include mainly the residential and retail units from Royal Jubilee in Sheung Shui, and Bayshore Apartments in Aberdeen. About 415,000 sq.ft. of development were completed during the year including Westview Height in Western District, Hing Wah Apartments in Shamshuipo, Bijou Court in Mongkok, together with Bayshore Apartments and Royal Jubilee.

In May 2000, the Group together with two partners, Grosvenor and Ayala, have acquired a residential development site at Repulse Bay on Hong Kong Island South. This will be developed into a luxurious building with total GFA of about 55,000 sq.ft. Estimated investment is about HK\$450 million.

Two new developments will be launched for sales in coming months. The luxurious apartment of Royalton II in Pokfulam is almost completed. Another development at Yiu Hing Road, Shaukeiwan will also be launched. Other developments that are currently under construction

include Bayshore Apartments II in Aberdeen, Shiu Fai Terrace at Stubbs Road and 157 Prince Edward Road in Mongkok.



Royal Jubilee in Sheung Shui

Leasing

Rental market for commercial properties has improved during the year. Rental income for the Group during the period was down because occupancy of Asia Standard Tower in Central was much lower during its renovation which covered most of the year to December 2000, and Asia Trade Centre, the industrial building in Yau Tong, will be redeveloped into a residential building. As such, tenancies expired were not renewed and vacant possession was obtained in February 2001. Apart from these, rental income from other properties including Asia Orient Tower in Wanchai and 28 Marble Road in North Point were stable. Since the beginning of year 2001, occupancy of Asia Standard Tower has picked up and reached 90% by 31st March 2001. Another office building at 8 Wing Hing Street in Causeway Bay was being leased out. Currently, approximately 70% has been let out. Consequently, the Group's rental income will increase significantly for the coming financial year.

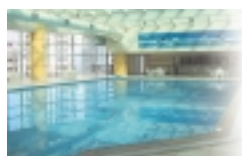
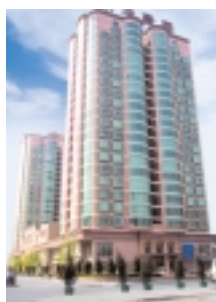


Riviera Garden in Panyu

Hotel

We are pleased that the hotel division was successfully spun off into a separately listed company in July 2000. As at 31st March 2001 our Group owned approximately 70% interest of this new listed subsidiary.

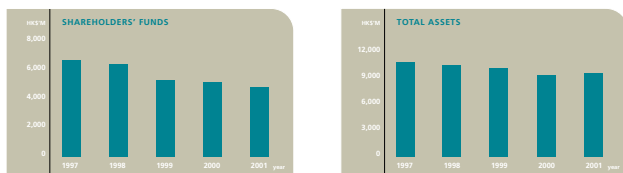
The occupancies for Empire Hotel Hong Kong and Landmark Hotel in Vancouver were 87% and 60% respectively against 88% and 64% of last year. Room rate for Empire Hotel Hong Kong was up by 18.5% when comparing with last year. Due to renovation work carried out in Vancouver Landmark Hotel on the first half of this financial year, its contribution decreased by 14%. The occupation permit for Empire Kowloon Hotel was obtained in April 2001. Fitting out work is being carried out. This hotel will be opened for operation by mid August this year.



Palace Apartment in Beijing

FINANCIAL REVIEW

As at 31st March 2001, the Group's total assets stood at HK\$9.3 billion (2000: HK\$9.0 billion) while net assets amounted to HK\$4.6 billion (2000: HK\$5.0 billion). The Group had net borrowings of HK\$2.9 billion (2000: HK\$2.9 billion) of which HK\$1.0 billion belonged to the spun-off hotel subgroup. Net debt to equity ratio (including minority interests) was 51.8% (2000: 52.9%).



During the year, the Group has refinanced a number of medium term loans to much longer tenure together with improvements in interest rate spread. Most of our borrowings are denominated in Hong Kong dollars and are at floating rates. As such, the recent interest rate cuts will bring substantial savings in the borrowing costs in the coming financial year.

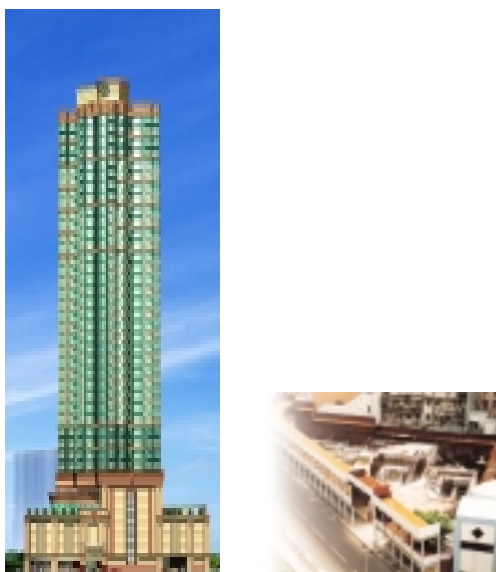
FUTURE PROSPECTS

Stepping into year 2001, there has been a series of deep interest rate cuts. This coupled with the cut throat reduction in mortgage rates by banks have brought about the highest affordability over decades for property buyers. The improvement of rental yield amidst the low interest environment has caused real estate to regain its status as an investment opportunity. All these have led to increase in demand. We believe that the property market is stabilising and will further improve in the year ahead. Together with our partners, we will continue to look for opportunities to further expand our property portfolio and bring satisfactory return to our shareholders.

Fung Siu To, Clement

Chairman

Hong Kong, 13th July 2001



Residential development of Yinn Hing Road, Shaukeiwan