



Asia Standard
International Group Limited



Interim Report 2002

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. Leung King Yin, Kevin
Mr. Loup, Nicholas James
Mr. Lau Kwok Hing
(*Independent Non-executive Director*)
Mr. Au Yat Chuen, Raymond
(*Independent Non-executive Director*)
Mr. Koon Bok Ming, Alan
(*Independent Non-executive Director*)

AUDIT COMMITTEE

Mr. Lau Kwok Hing
Mr. Koon Bok Ming, Alan

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Ms. Chiu Yuk Ching

REGISTERED OFFICE

Cedar House,
41 Cedar Avenue,
Hamilton HM12,
Bermuda

PRINCIPAL OFFICE IN HONG KONG

30th Floor, Asia Orient Tower, Town Place,
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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
Bank of Communications
Nanyang Commercial Bank Limited
Liu Chong Hing Bank Limited

LEGAL ADVISERS

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

Appleby, Spurling & Kempe
5511, The Centre,
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 Fund Services (Bermuda) Limited
(Formerly known as "Butterfield Corporate
Services Limited")
Rosebank Centre,
11 Bermudiana Road,
Pembroke, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre,
183 Queen's Road East,
Hong Kong

Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2002 HK\$'000	2001 HK\$'000
Turnover	3	650,402	495,240
Cost of sales		(481,883)	(366,665)
Gross profit		168,519	128,575
Administrative expenses		(65,952)	(71,466)
Other charges	4	(10,021)	(50,500)
Operating profit	5	92,546	6,609
Finance costs	6	(60,019)	(52,114)
Share of profits less losses of			
Jointly controlled entities		(12,155)	(390)
Associated companies		3,106	(42,774)
Profit / (loss) before taxation		23,478	(88,669)
Taxation	7	(4,332)	(6,061)
Profit / (loss) after taxation		19,146	(94,730)
Minority interests		(4,374)	2,587
Profit / (loss) attributable to shareholders		14,772	(92,143)
Earnings / (loss) per share	8	0.36 cent	(2.24) cents

Consolidated Balance Sheet – Unaudited

	Note	30th September 2002 HK\$'000	31st March 2002 HK\$'000
Fixed assets		4,877,586	4,879,527
Jointly controlled entities		208,946	215,387
Associated companies		613,083	591,366
Long term investment		1,501	1,001
Goodwill	9	24,840	26,415
Mortgage loans receivable		84,251	52,603
Current assets			
Properties held for / under development for sale		1,086,510	1,224,082
Completed properties held for sale		805,216	867,923
Hotel and restaurant inventories		3,246	3,701
Debtors and prepayments	10	224,883	281,072
Other investments		80,833	106,818
Tax recoverable		1,011	1,716
Bank balances and cash		187,578	211,844
		2,389,277	2,697,156
Current liabilities			
Creditors and accruals	11	230,696	268,752
Short term bank loans and overdrafts			
Secured		118,921	129,924
Unsecured		35,000	33,000
Current portion of long term loans	15	205,515	314,085
Taxation		12,508	12,131
		602,640	757,892
Net current assets		1,786,637	1,939,264
		7,596,844	7,705,563
Financed by:			
Share capital	12	41,126	41,126
Reserves	13	4,117,823	4,102,612
Shareholders' funds		4,158,949	4,143,738
Convertible bonds	14	290,000	290,000
Long term loans	15	2,328,918	2,453,393
Minority interests and loans		818,977	818,432
		7,596,844	7,705,563

Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended 30th September	
	2002 HK\$'000	2001 HK\$'000
Net cash from operating activities	278,390	210,328
Net cash used in investing activities	(27,926)	(235,414)
Net cash used in financing activities	(249,296)	(6,005)
Net increase / (decrease) in cash and cash equivalents	1,168	(31,091)
Cash and cash equivalents at beginning of period	102,173	126,337
Changes in exchange rates	(2,848)	(1,425)
Cash and cash equivalents at end of period	100,493	93,821
Analysis of the balances of cash and cash equivalents		
Bank balances (excluding pledged deposits and balance held in trust)	175,664	162,112
Short term bank loans and overdrafts	(75,171)	(68,291)
	100,493	93,821

Consolidated Statement of Changes in Equity – Unaudited

	Note	Six months ended 30th September	
		2002 HK\$'000	2001 HK\$'000
Balance at beginning of period		4,143,738	4,604,428
Exchange differences arising on translation of accounts of overseas subsidiaries, jointly controlled entities and associated companies	13	449	(2,174)
Surplus on revaluation		–	30,820
Net gains not recognised in the profit and loss account		449	28,646
		4,144,187	4,633,074
Profit / (loss) for the period attributable to shareholders		14,772	(92,143)
Exercise of warrants		–	152
Repurchase of own shares	13	(10)	–
Balance at end of period		4,158,949	4,541,083

Notes to the Interim Consolidated Accounts

1. BASIS OF PREPARATION

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

2. ACCOUNTING POLICIES

In 2002, the Group adopted and implemented the new Statement of Standard Accounting Practice No.34 "Employee benefits" issued by the Hong Kong Society of Accountants. The adoption of this new standard has no material effect on the Group's results or net asset value.

Apart from the foregoing, the principal accounting policies adopted in preparing the unaudited interim financial report are consistent with those described in the 2002 Annual Report and Accounts.

3. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in property development and investment, hotel, travel agency and catering 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 three main business segments, comprising property sales, property leasing, hotel and travel. There is no other significant identifiable separate business segments. Segment revenue from external customers is after elimination of inter-segment revenues. No revenue (2001: HK\$4 million) charged by the property sales segment in respect of construction services provided to the hotel and travel segment 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.

3. TURNOVER AND SEGMENT INFORMATION (continued)

Primary reporting format - business segments (continued)

	Property sales	Property leasing	Hotel and travel	Other operations	Group
Six months ended 30th September 2002					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	341,236	33,164	246,082	29,920	650,402
Contribution to operating profit	46,319	29,652	42,108	8,430	126,509
Other charges	(307)	–	(1,575)	(8,139)	(10,021)
Unallocated corporate expenses					(23,942)
Operating profit					92,546
Finance costs					(60,019)
Share of results of jointly controlled entities and associated companies	(12,083)	3,404	(379)	9	(9,049)
Profit before taxation					23,478
Taxation					(4,332)
Profit after taxation					19,146
Minority interests					(4,374)
Profit attributable to shareholders					14,772
Six months ended 30th September 2001					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	161,589	30,166	218,675	84,810	495,240
Contribution to operating profit	(6,126)	25,146	29,575	33,098	81,693
Other charges	(1,729)	–	(5,716)	(43,055)	(50,500)
Unallocated corporate expenses					(24,584)
Operating profit					6,609
Finance costs					(52,114)
Share of results of jointly controlled entities and associated companies	(45,296)	2,119	–	13	(43,164)
Loss before taxation					(88,669)
Taxation					(6,061)
Loss after taxation					(94,730)
Minority interests					2,587
Loss attributable to shareholders					(92,143)

Notes to the Interim Consolidated Accounts

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)	
	Six months ended 30th September		Six months ended 30th September	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	600,173	399,253	75,636	(7,410)
Mainland China	9,428	46,578	(904)	(6,804)
Canada	40,801	49,409	17,814	20,823
	650,402	495,240	92,546	6,609

4. OTHER CHARGES

	Six months ended 30th September	
	2002 HK\$'000	2001 HK\$'000
Amortisation of goodwill	1,575	1,675
Provision for diminution in value of properties held for sale	307	1,729
Pre-operating loss of Empire Hotel Kowloon	–	4,041
Unrealised losses on other investments	8,139	43,055
	10,021	50,500

5. OPERATING PROFIT

	Six months ended 30th September	
	2002 HK\$'000	2001 HK\$'000
Operating profit is stated after crediting and charging the following:		
Crediting		
Net rental income (note (a))	29,652	25,146
Interest income	5,822	11,398
Dividends from listed investments	1,530	670
Net realised gains on other investments	4,502	22,405
Charging		
Staff costs (note (b))	47,054	39,389
Depreciation	5,649	4,338
Net unrealised losses on other investments	8,139	43,055
(a) Net rental income		
Gross rental income from investment properties	22,660	21,151
Gross rental income from properties held for sale	10,504	9,015
Outgoings	(3,512)	(5,020)
	29,652	25,146
(b) Staff costs		
Staff costs	48,547	41,653
Capitalised as properties under development	(1,493)	(2,264)
	47,054	39,389

Notes to the Interim Consolidated Accounts

6. FINANCE COSTS

	Six months ended 30th September	
	2002 HK\$'000	2001 HK\$'000
Interest expense		
Long term bank loans	47,206	88,532
Convertible bonds	15,499	11,017
Loans from minority shareholders of subsidiaries	1,574	3,004
Short term bank loans and overdrafts	3,350	1,955
Other incidental borrowing costs	4,923	3,205
	72,552	107,713
Capitalised as cost of properties under development		
Interest expense	(12,200)	(55,430)
Other incidental borrowing costs	(333)	(169)
	60,019	52,114

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2001: 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	
	2002 HK\$'000	2001 HK\$'000
Company and subsidiaries		
Hong Kong profits tax	1,987	185
Overseas tax	–	3,257
Underprovision in prior years	1,800	2,280
	3,787	5,722
Associated companies		
Hong Kong profits tax	545	339
	4,332	6,061

8. EARNINGS / (LOSS) PER SHARE

The calculation of earnings / (loss) per share is based on profit attributable to shareholders of HK\$14,772,000 (2001: loss of HK\$92,143,000) and on the weighted average 4,112,642,582 (2001: 4,112,292,220) shares in issue during the period.

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

9. GOODWILL

	HK\$'000
Cost	
At 31st March and 30th September 2002	29,349
Accumulated amortisation	
At 31st March 2002	2,934
Charge for the period	1,575
At 30th September 2002	4,509
Net book value	
At 30th September 2002	24,840
At 31st March 2002	26,415

10. 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\$1,190,000 (31st March 2002: HK\$1,224,000) granted to a Director, Mr. Kwan Po Lam, Phileas, in March 1995. The loan is secured by a legal mortgage over the subject property, carries interest at 2% below prime rate (31st March 2002: 2% below prime rate) and the principal is repayable by quarterly instalments of HK\$17,000 each. The maximum outstanding balance during the period was HK\$1,224,000 (31st March 2002: HK\$1,292,000).

Trade debtors amounted to HK\$68,443,000 (31st March 2002: HK\$55,953,000) of which 97% (31st March 2002: 87%) were aged under six months. The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

Notes to the Interim Consolidated Accounts

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\$36,141,000 (31st March 2002: HK\$48,552,000), of which 98% (31st March 2002: 100%) were aged under six months.

12. SHARE CAPITAL

	Authorised Shares of HK\$0.01 each	
	Number of shares	HK\$'000
At 31st March and 30th September 2002	400,000,000,000	4,000,000
	Issued and fully paid Shares of HK\$0.01 each	
	Number of shares	HK\$'000
Issued and fully paid:		
At 31st March 2002	4,112,647,990	41,126
Repurchase of own shares	(42,000)	–
At 30th September 2002	4,112,605,990	41,126

During the period under review, the Company repurchased 42,000 of its own shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$10,394. All the shares repurchased were subsequently cancelled. An amount equal to the nominal value of the shares cancelled of HK\$420 was transferred from the revenue reserve to capital redemption reserve.

At 30th September 2002, the Company had outstanding options granted under an Executive Share Option Scheme to a Director to subscribe for 1,750,000 shares of the Company at HK\$0.384 per share. The options are exercisable at any time on or before 27th March 2005.

13. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Revaluation reserve			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 2002	533,090	362	43,835	655,150	427,952	30,706	2,670,292	(258,775)	4,102,612
Translation differences	–	–	–	–	(31)	–	–	480	449
Repurchase of own shares	–	–	–	–	–	–	–	(10)	(10)
Profit for the period	–	–	–	–	–	–	–	14,772	14,772
At 30th September 2002	533,090	362	43,835	655,150	427,921	30,706	2,670,292	(243,533)	4,117,823

14. CONVERTIBLE BONDS

On 7th January 2002, Asia Standard International Capital Limited ("ASICL"), a wholly owned subsidiary of the Company, issued HK\$290,000,000 convertible bonds to Westrata Investment Limited ("Westrata"), a substantial shareholder of the Company. The bonds bear interest at 7% per annum payable semi-annually in arrears and are guaranteed by the Company.

Westrata has the option to convert the bonds into fully paid shares of HK\$0.01 each of the Company 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.

Provision of HK\$7,764,000 (31st March 2002: HK\$2,443,000) for the premium payable has 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.

15. LONG TERM LOANS

	30th September 2002 HK\$'000	31st March 2002 HK\$'000
Bank loans, secured		
Repayable within one year	205,515	314,085
Repayable between one and two years	306,664	313,739
Repayable between two and five years	739,704	935,997
Repayable after five years	1,282,550	1,203,657
	2,534,433	2,767,478
Current portion included in current liabilities	(205,515)	(314,085)
	2,328,918	2,453,393

Notes to the Interim Consolidated Accounts

16. CAPITAL COMMITMENTS

	30th September 2002 HK\$'000	31st March 2002 HK\$'000
In respect of investment in jointly controlled entities:		
Contracted but not provided for	21,296	21,296

17. CONTINGENT LIABILITIES

	30th September 2002 HK\$'000	31st March 2002 HK\$'000
Guarantees for the banking and loan facilities of:		
Jointly controlled entities	207,454	163,869
Associated companies	263,810	219,720
Third parties	2,646	32,036
	473,910	415,625

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend (2001: nil).

RESULTS AND APPROPRIATIONS

Turnover for the Group increased by 31% to HK\$650 million (2001: HK\$495 million) and profit attributable to shareholders for the six month ended 30th September 2002 was HK\$15 million (2001: loss of HK\$92 million).

BUSINESS REVIEW

Properties sales

Turnover from properties sales for the period has more than doubled to HK\$341 million from that of last year, of which HK\$253 million came from the sales of residential flats of The Oakridge in Shaukeiwan. Since the launch for sales of The Oakridge, 90% of residential unit has been sold for total consideration of over HK\$370 million. And the sales of Royalton II, a luxury residential development at Pokfulam, were also encouraging. The services apartment namely Bijou Apartments at Prince Edward Road, which the Group own 50% interests, was also put to the market at the end of September 2002. Presale consent for another two luxury residential development at Repulse Bay and Shiu Fai Terrace is being applied and will be put to the market in the coming financial year. The total gross floor area for these two developments is 175,000 sq. ft.

Leasing

Rental income slightly increased to HK\$33 million from last year's HK\$30 million. The occupancy and unit rate for Asia Standard Tower and Asia Orient Tower were stable. Due to disposal of certain retail space during the period, the rental income from 28 Marble Road has decreased. On the other hand, the rental income from the commercial building at Wing Hing Street has doubled, as the average occupancy increased substantially when comparing the same period of last year.

Development

Three developments are currently at superstructure construction stage, namely The Oakridge, the Repulse Bay and Shiu Fai Terrace. The Oakridge is being topped out and the latter two would be completed in the middle of next year.

Foundation work at 238 Aberdeen Main Road was completed and superstructure will commence shortly. Demolition work at Yau Tong development is expected to be completed in December 2002.

During the period, land premium for the Repulse Bay and Shiu Fai Terrace development totalling HK\$208 million has been paid. Four other development sites at Aberdeen, Yau Tong, Ping Shan and Hung Shui Kiu are undergoing premium negotiation with the government for lease modification into residential use. The approximate gross floor area for these developments is 860,000 sq. ft.

BUSINESS REVIEW (continued)

Hotel

The full operation of the 315 rooms Empire Hotel Kowloon during this period has led to the significant increase of profit from the hotel sector to HK\$13 million from last year's HK\$4 million. Since the soft opening in the middle of September 2001 and the full operation in February 2002, the Empire Hotel Kowloon was well received by tourists and average occupancy reached a satisfactory 83% in the current reporting period. Benefited from the increase of tourists from Mainland coupled with cost reduction measures, the contribution from Empire Hotel, Hong Kong also increased by 5%. In October 2002, more luxurious guest rooms were added making its total number of guest rooms to 360. The performance of Landmark Hotel in Vancouver was still affected by terrorist attack and weak economic environment with the contribution down by 19% when comparing with last year.

Financial review

As at 30th September 2002, the Group had net borrowing of HK\$2.8 billion (31st March 2002: HK\$3.0 billion), of which HK\$1.2 billion (31st March 2002: HK\$1.2 billion) belonged to the separately listed hotel subsidiary group. Net debt to equity ratio (including minority interests) was 56% (31st March 2002: 61%).

The Group has no risk on foreign exchange as all the borrowings are in Hong Kong dollar except for the mortgage of Landmark Hotel, Vancouver which is denominated in Canadian dollar. Over 87% of these borrowings were repayable after one year with repayment schedules spreading over a long period of time to over 10 years. As at 30th September 2002, aggregated net book value of assets HK\$6,237 million (31st March 2002: HK\$6,220 million) were pledged to secure banking facilities of the Group. The guarantees in the sum of HK\$471 million (31st March 2002: HK\$384 million) was provided by the Group to financial institutions for general banking facilities of jointly controlled entities and associated companies.

The total financial costs have been reduced significantly by 33%. However, as the Empire Hotel Kowloon was in full operation and its related borrowing cost was charged as expenses instead of being capitalised during development, the interest expenses of the Group were increased when comparing with the same period in last year.

Employees and remuneration policies

As at 30th September 2002, the Group employed 447 employees (September 2001: 757 employees). Due to the transfer of the estate management operation from the hotel subsidiary to our holding company, the number of employees has decreased when compared with last year. Their remuneration packages including basic salary, retirement schemes and service bonus are commensurate with their job nature and past experience. There was no share options granted during the period.

BUSINESS REVIEW (continued)

Future prospects

The prolonged deflation and high unemployment rate had led to a difficult business environment in Hong Kong. The sentiment of property market is still being affected by these negative factors. However, there are significant improvements in other economic factors recently. The sales market for residential property turned more active upon the announcement by the government of stimulus plan. It marked a substantial change of the government's housing policy and lends a strong support to the property market. Also, the historical low interest rate environment have given rise to very high affordability and render investment in real estate very attractive. With GDP growth increasing and unemployment declining, we are very confident in the property market in coming years and will continue to seek for new investments and business opportunities.

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\$1,127 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$471 million totalling HK\$1,598 million as at 30th September 2002 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	352	176
Investment properties	940,000	310,200
Jointly controlled entities	112,743	47,927
Properties held for / under development for sale	2,065,213	1,032,996
Current assets	39,692	15,747
Current liabilities	(49,982)	(31,261)
Long term bank and other loans	(1,032,900)	(471,264)
Minority interests	9,481	4,741
Shareholders' advance	(2,249,573)	(1,127,127)
	<u>(164,974)</u>	<u>(217,865)</u>

DIRECTORS' INTERESTS IN SECURITIES

As at 30th September 2002, the interests of the Directors and Chief Executives in the equity securities of the Company and its associated corporations (as defined under the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or as otherwise known to the Directors, were as follows:

Interests in shares

a) The Company

Name of director	Nature of interests	Number of shares held as at 30th September 2002
Mr. Poon Jing	Corporate	2,196,391,030
	Personal	4,445,650

By virtue of his controlling interest in Asia Orient Holdings Limited ("Asia Orient"), Mr. Poon Jing is deemed to be interested in the shares of the Company held by subsidiaries of Asia Orient as disclosed under the heading "Substantial Shareholders" below.

b) Subsidiaries

Name of director	Name of subsidiary	Nature of interests	Number of share held as at 30th September 2002
Mr. Poon Jing	Asia Standard Hotel Group Limited	Corporate	3,699,148,774
		Personal	248,937
Mr. Poon Jing and Mr. Fung Siu To, Clement	Centop Investment Limited	Corporate	20
Mr. Fung Siu To, Clement	Mark Honour Limited	Personal	1

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

c) Asia Orient

Name of director	Number of shares held			Total as at 30th September 2002
	Personal interests	Family interests	Corporate interests	
Mr. Poon Jing	1,529,849,800	69,826,000	1,900,584,936	3,500,260,736
Mr. Fung Siu To, Clement	26,174,000	–	–	26,174,000

Note:

The Shares of Asia Orient were consolidated on the basis of 50 shares into 1 share with effect from 12th November 2002.

DIRECTORS' INTERESTS IN SECURITIES (continued)

Interests in share options

a) The Company

As at 30th September 2002, details of share options granted to director under the share option scheme adopted on 23rd December 1991 is as follows:

Grantee	Date of Grant	Exercise Period	Exercise Price per share	Number of share options held as at 1st April 2002	Number of share options held as at 30th September 2002
Lun Pui Kan	27th February 1995	27th March 1995 to 27th March 2005	0.384	1,750,000	1,750,000

No share option was granted, exercised, cancelled or lapsed during the six months ended 30th September 2002. The share option scheme expired in January 2002.

b) Asia Orient

As at 30th September 2002, details of share options granted to directors and employees under the share option scheme of Asia Orient adopted on 28th August 1996 are as follows:

Grantee	Date of Grant	Exercise Period	Exercise Price per share (Note 1)	Number of share options held as at 1st April 2002	Number of share options held as at 30th September 2002 Before share consolidation (Note 2)	Number of share options held as at 30th September 2002 After share consolidation
Fung Siu To, Clement	14th February 2000	14th March 2000 to 13th February 2010	0.3466	15,000,000	15,000,000	300,000
Lim Yin Cheng	14th February 2000	14th March 2000 to 13th February 2010	0.3466	15,000,000	15,000,000	300,000
Kwan Po Lam, Phileas	14th February 2000	14th March 2000 to 13th February 2010	0.3466	15,000,000	15,000,000	300,000
Lun Pui Kan	14th February 2000	14th March 2000 to 13th February 2010	0.3466	15,000,000	15,000,000	300,000
Leung King Yin, Kevin	14th February 2000	14th March 2000 to 13th February 2010	0.3466	15,000,000	15,000,000	300,000
Employees	14th February 2000	14th March 2000 to 13th February 2010	0.3466	187,500,000	187,500,000	3,750,000

Notes:

1. The exercise price has been adjusted from HK\$0.3466 to HK\$17.33 due to consolidation of 50 shares into 1 share with effect from 12th November 2002.
2. The number of share options has been adjusted by consolidation of 50 into 1 due to consolidation of 50 shares into 1 share with effect from 12th November 2002.

DIRECTORS' INTERESTS IN SECURITIES (continued)

Interest in share options (continued)

b) Asia Orient (continued)

During the six months ended 30th September 2002, no options to subscribe for ordinary shares of Asia Orient were granted under the share option scheme.

No share option was exercised, cancelled or lapsed during the six months ended 30th September 2002.

On 11th November 2002, the share option scheme adopted on 28th August 1996 was terminated and a new share option scheme ("New Share Option Scheme") was adopted, whereby the board of directors of Asia Orient may at its discretion grant options to (1) any director, employee, consultant, customer, supplier, agent, partner or advisers of or contractors to Asia Orient group or any entity in which any member of Asia Orient Group holds any interest ("eligible participants"); (2) any discretionary trust whose discretionary objects include the eligible participants; and (3) a company beneficially owned by the eligible participants. The exercise price shall be at least the higher of (a) the closing price of the Asia Orient's shares on the Stock Exchange on the date of grant; and (b) the average of the closing prices of the shares on the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of the share. The option may be exercisable at any time during such period to be notified by the board of Aisa Orient to each grantee, provided that no option shall be exercisable later than ten years after its date of grant.

No share option has been granted under the New Share Option Scheme up to the date of this report.

Save as disclosed above, as at 30th September 2002, none of the Directors or Chief Executives or their spouse or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Company or any its associated corporation.

SUBSTANTIAL SHAREHOLDERS

At 30th September 2002, 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
Asia Orient (Note 1)	2,196,391,030
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	2,196,391,030
Asia Orient Company Limited ("AOCL") (Note 1 and 3)	2,196,391,030
Impetus Holdings Limited ("Impetus") (Note 2)	1,092,862,918
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 4)	975,708,512
Westrata Investment Limited (Note 5)	613,530,000

Notes:

1. AOCL is a wholly-owned subsidiary of Asia Orient BVI which in turn is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient BVI and Asia Orient are deemed to have interest and duplicate the interest in 2,196,391,030 shares of the Company.
2. Impetus is a wholly-owned subsidiary of AOCL. In accordance with the SDI Ordinance, the interests of Impetus are deemed to be, and have therefore been included in, the interests of AOCL.
3. The interests of AOCL and its subsidiaries duplicate the interests of Mr. Poon Jing disclosed under the heading "Directors' interests in securities" above which he is deemed to have by virtue of his controlling interest in Asia Orient.

SUBSTANTIAL SHAREHOLDERS (continued)

- Both Kingfisher and Lipton are wholly-owned subsidiaries of Impetus and jointly hold 975,708,512 shares. In accordance with the SDI Ordinance, the joint interests of Kingfisher and Lipton are deemed to be, and have therefore been included in, the interests of Impetus.
- Westrata Investment Limited is an indirect wholly owned subsidiary of Grosvenor Group Holdings Limited (formerly Grosvenor Limited). The share ownership of Westrata Investment Limited is indirectly held through Westrata Holdings Limited, Grosvenor Asia Holdings Limited, Grosvenor Overseas Holdings Limited and Grosvenor Estate Holdings.
Grosvenor Group Holdings Limited, a company registered in England and Wales, is wholly owned by trusts and members of the Grosvenor Family, headed by the 6th Duke of Westminster.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period under review, the Company repurchased 42,000 of its own shares on the Stock Exchange at an aggregate consideration of HK\$10,394. All the shares repurchased were subsequently cancelled. An amount equal to the nominal value of the shares cancelled of HK\$420 was transferred from the revenue reserve to capital redemption reserve.

Trading month	Number of shares purchased	Lowest price paid HK\$	Highest price paid HK\$	Total cash paid HK\$
August 2002	42,000	0.243	0.249	10,394

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange at any time during the six months ended 30th September 2002.

AUDIT COMMITTEE

The Audit Committee members are Mr. Lau Kwok Hing and Mr. Koon Bok Ming, Alan. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

On behalf of the Board
Fung Siu To, Clement
Chairman

HONG KONG, 18th December 2002