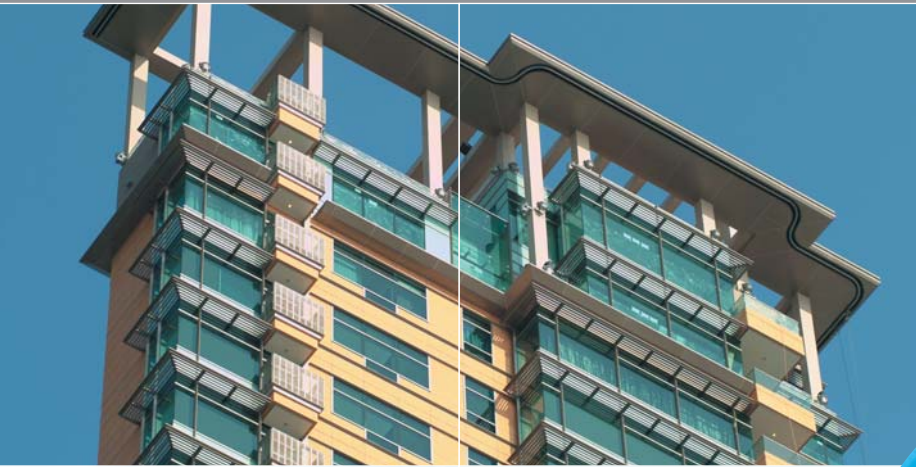




ASIA ORIENT HOLDINGS LIMITED



Interim Report 2004

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

* *Independent Non-executive Director*

AUDIT COMMITTEE

Mr. Hung Yat Ming (*Chairman*)
Mr. Cheung Kwok Wah, Ken
Mr. Wong Chi Keung

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Ms. Chiu Yuk Ching

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

Telephone 2866 3336
Facsimile 2866 3772
Website <http://www.asiaorient.com.hk>
Email ao_info@asia-standard.com.hk

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
Citic Ka Wah Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited

LEGAL ADVISERS

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

Appleby Spurling Hunter
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 Fund Services (Bermuda) Limited
Rosebank Centre,
11 Bermudiana Road,
Pembroke, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre,
183 Queen's Road East,
Hong Kong

Financial Highlights

	Six months ended		
	30th September		
	2004	2003	Change (%)
Group turnover (HK\$ million)	361	311	+16
Property sales turnover (HK\$ million)			
The Group	36	86	-58
Share of jointly controlled entities and associated companies	514	85	+505
Total	550	171	+222
Gross rental income (HK\$ million)	25	27	-7
Finance costs (HK\$ million)	49	63	-22
Profit/(loss) attributable to shareholders (HK\$ million)	53	(114)	N/A
Earnings/(loss) per share (HK cents)			
Basic	30.7	(75.9)	N/A
Diluted	23.8		

	30th September	31st March	Change (%)
	2004	2004	
Total assets (HK\$ million)	7,810	7,716	+1
Shareholders' funds (HK\$ million)	2,149	2,090	+3
Net assets per share (HK\$)	12.27	12.05	+2
Net debt (HK\$ million)	2,742	2,748	-
Net debt to equity (shareholders' funds plus minority interests)	60%	62%	-3

Management Discussion and Analysis

RESULTS AND APPROPRIATIONS

Turnover for the period amounted to HK\$361 million, a 16% increase from last corresponding period. The Group reported a profit attributable to shareholders of HK\$53 million, compared with a loss of HK\$114 million last period.

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on 20th January 2005 ("Record Date") interim dividend of HK2 cents (2003: Nil) per share.



Grosvenor Place, 117 Repulse Bay Road

The Board of Directors has also resolved that shareholders will be given the option to elect to receive an allotment and issue of shares of the Company credited as fully paid in lieu of cash in respect of part or all of the proposed dividend ("Scrip Dividend Scheme"). The market value of the new shares to be issued under the Scrip Dividend Scheme will be fixed by reference to the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited for the five consecutive trading days up to and including the Record Date.

PROPERTY SALES AND LEASING

During the period, the Group continued to hold a 52.8% interest in the listed subsidiary, Asia Standard International Group Limited ("Asia Standard") and it recorded a profit attributable to shareholders of HK\$174 million in this period, much improved from last period's loss of HK\$121 million.

Asia Standard sold the 50.1% owned joint venture luxury development, Grosvenor Place in Repulse Bay, in April 2004 for HK\$940 million, contributing an attributable profit after tax of HK\$90 million during this interim period.

Rental income decreased slightly by 7% as compared with last period. Occupancies remained high at an average of 89%. We hold a positive outlook upon coming renewal of tenancies given a very strong demand signal in the market place. We are also positioned to benefit from the quality investment portfolio of some 450,000 sq.ft. of retail and offices.

Two residential projects with a total gross floor area of 233,000 sq.ft. are now under development. Pre-sale is expected in 2005.

Management Discussion and Analysis

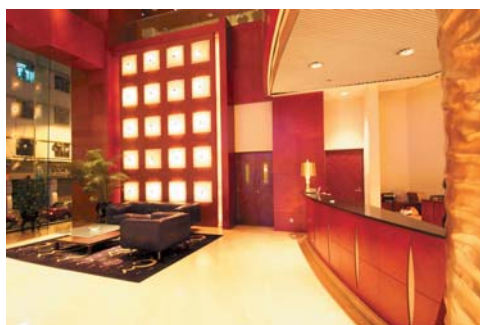
Land premium negotiation of three other development sites totalling approximately 810,000 sq.ft. gross floor area carries on.

Asia Standard also acquired a residential development site at Ting Kau, Castle Peak Road for HK\$261 million and our partner, Grosvenor had participated in 50% in this development. Total plot ratio area is 155,000 sq.ft.

In November, the Group disposed of 80 million (representing 1.95% interests) Asia Standard shares for a consideration of HK\$27.1 million. The disposal resulted in a loss of HK\$25 million which will be accounted for in the Group's full year result. The Group has proposed to further dispose 40 million Asia Standard shares. Thereafter, Asia Standard will become an associated company and will be equity accounted for in future.

HOTEL

Hotel performance made a strong rebound since last interim period. It achieved a HK\$287 million (58% increase) turnover and HK\$17 million profit compared with HK\$181 million turnover and a loss of HK\$19 million of last period.



Lobby, Empire Hotel Kowloon

Prospect for hotel performances continue to be very promising as a result of CEPA (Phase I) signing and the coming of Phase II, individual visas relaxation by Mainland, the explosion of gaming industry attractions in Macau, and the Disney Park opening in 2005. With these exciting developments, we hold that hotel and

travel industries are now in a very favorable structural swing upward as Hong Kong / Macau combined will form a must see destination to 1.3 billion Mainland population and over 500 million South East Asia population. While our Canadian operation is also expecting further improvement as the city had been awarded Winter Olympics in 2010.



Executive Room, Empire Hotel Hong Kong

Upgrading renovation program had been carried out on parts of the guest accommodation at Empire Hotel, Hong Kong which will enhance the competitiveness and prospect for improved yields. This hotel subsidiary holds approximately 824,000 sq.ft in guest accommodation, restaurants and 395 carparks.

INVESTMENTS

The 32% owned associate, Q9 Technology Holdings Limited quoted on the GEM board since May 2001, is facing challenging times. Turnover for the three quarters ended 30th September 2004 decreased by 25% compared with last corresponding period, while operating expenses was down by 6.8%. Loss for the three quarters ended 30th September 2004 amount to HK\$4.9 million. Similarly, our investment and associate in health, energy saving ventures also suffer setbacks and continue to be less hopeful in the near future. Spending and cost control in these ventures had been implemented to aim for prospect to succeed in the longer run. However, total investments in these associates and ventures represent only 1.7% of total assets.

FINANCIAL REVIEW

At 30th September 2004, the Group's net asset value was HK\$2.15 billion compared with HK\$2.09 billion at 31st March 2004. Net asset value per share increased from HK\$12.05 at 31st March 2004 to HK\$12.27 at 30th September 2004.

Gearing ratio is 60% (31st March 2004: 62%) with a net debt of HK\$2,742 million (31st March 2004: HK\$2,748 million) and shareholders' funds plus minority interests of HK\$4,592 million (31st March 2004: HK\$4,442 million). Finance costs were reduced by 22% compared with last period.

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. Over 89% (31st March 2004: 86%) of the Group's borrowings were repayable over schedules spreading over a long period of time to over 10 years.

As at 30th September 2004, properties with an aggregate net book value of HK\$6,221 million (31st March 2004: HK\$6,055 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\$138 million (31st March 2004: HK\$246 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30th September 2004, the Group employed a total of 617 full time employees, with over 61% working for the hotel subsidiary group and 33% for estate management services. Their remuneration package, which commensurate with their job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

PROSPECTS

We expect a stronger performance from our property subsidiary Asia Standard in the coming years. Forecasted market conditions and data warrants our optimism. Equally, encouraging public policy had been reinstated to revitalise this very important cornerstone of the economy. We consider the property market is now in a long-term gradual structural upward cycle. This will inevitably lead to assets revaluation opportunity in future to our subsidiary.

Similarly, our hotel company is also enjoying a very positive and favorable environment in the coming years. The exciting emerging of Hong Kong as a business destination, the opening of Disney Park, gaming industry in Macau all to be linked up by an announced bridge plan will in our opinion cement both Special Administrative Regions as a tourist mecca for Mainlanders and surrounding regional population. We are therefore very positive on hotel performance in future.

Independent Review Report of The Auditors

TO THE BOARD OF DIRECTORS OF ASIA ORIENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 7 to 23.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the Directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th September 2004.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 21st December 2004

Consolidated Profit and Loss Account – Unaudited

	<i>Note</i>	Six months ended	
		2004	2003
		HK\$'000	HK\$'000
Turnover	3	361,158	311,051
Cost of sales		(260,703)	(222,978)
Gross profit		100,455	88,073
Administrative expenses		(60,256)	(59,654)
Other income/(charges)	4	4,830	(85,675)
Operating profit/(loss)	5	45,029	(57,256)
Finance costs	6	(48,565)	(62,696)
Share of profits less losses of			
Jointly controlled entities		196,383	(8,059)
Associated companies		(16,163)	(51,472)
Profit/(loss) before taxation		176,684	(179,483)
Taxation (charge)/credit	7	(38,221)	3,894
Profit/(loss) after taxation		138,463	(175,589)
Minority interests		(85,200)	61,924
Profit/(loss) attributable to shareholders		53,263	(113,665)
Dividend	8	3,997	–
Earnings/(loss) per share			
Basic	9	30.7 cents	(75.9) cents
Diluted	9	23.8 cents	

Consolidated Balance Sheet – Unaudited

		30th September 2004 HK\$'000	31st March 2004 HK\$'000
	<i>Note</i>		
Fixed assets		4,654,893	4,643,036
Jointly controlled entities		134,754	263,382
Associated companies		440,328	456,294
Long term investment		–	1,601
Goodwill	10	27,655	30,887
Mortgage loans receivable		32,638	40,160
Deferred tax assets		63,710	62,517
Current assets			
Properties held for/under development for sale		1,268,082	1,029,149
Completed properties held for sale		555,109	608,082
Hotel and restaurant inventories		2,973	2,615
Debtors and prepayments	11	368,939	329,043
Other investments		78,818	91,933
Tax recoverable		307	321
Bank balances and cash		181,739	157,409
		2,455,967	2,218,552
Current liabilities			
Creditors and accruals	12	228,422	305,877
Short term bank loans and overdrafts			
Secured		83,400	158,150
Unsecured		8,055	31,941
Convertible notes	16	41,200	77,600
Current portion of long term loans	17	162,770	118,446
Taxation		9,450	9,452
		533,297	701,466
Net current assets		1,922,670	1,517,086
		7,276,648	7,014,963
Financed by:			
Share capital	13	17,516	17,349
Reserves	14	2,131,189	2,073,074
Shareholders' funds		2,148,705	2,090,423
Convertible bonds	15	290,000	290,000
Long term loans	17	2,338,268	2,229,216
Deferred tax liabilities		56,506	53,401
Minority interests and loans		2,443,169	2,351,923
		7,276,648	7,014,963

Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Net cash used in operating activities	(280,959)	(87,268)
Net cash from investing activities	287,764	6,553
Net cash from/(used in) financing activities	83,335	(31,316)
Net increase/(decrease) in cash and cash equivalents	90,140	(112,031)
Cash and cash equivalents at beginning of period	24,798	111,152
Changes in exchange rates	293	(441)
Cash and cash equivalents at end of period	115,231	(1,320)
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding pledged deposits and balance held in trust)	123,285	117,922
Bank overdrafts	(8,054)	(119,242)
	115,231	(1,320)

Consolidated Statement of Changes in Equity – Unaudited

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Balance at beginning of period	2,090,423	2,241,763
Exchange differences arising on translation of accounts of overseas subsidiaries, jointly controlled entities and associated companies	3,019	7,324
Conversion of convertible notes	2,000	–
Revaluation deficit on hotel properties	–	(375)
Net gains not recognised in the profit and loss account	5,019	6,949
Profit/(loss) for the period attributable to shareholders	53,263	(113,665)
Balance at end of period	2,148,705	2,135,047

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 (“SSAP”) No. 25 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the unaudited interim financial report are consistent with those stated in the 2004 Annual Report and Accounts.

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 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 for the year ending 31st March 2006.

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. 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.

Notes to the Interim Consolidated Accounts

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments *(Continued)*

	Property sales	Property leasing	Hotel and travel	Investments	Other operations	Group
	Six months ended 30th September 2004					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	36,165	25,208	286,722	2,214	10,849	361,158
Contribution to segment results	(18,805)	21,930	49,996	127	6,957	60,205
Other income/(charges)	11,400	–	(1,232)	(17,662)	12,324	4,830
Unallocated corporate expenses						(20,006)
Operating profit						45,029
Finance costs						(48,565)
Share of results of						
Jointly controlled entities	207,259	–	–	(10,876)	–	196,383
Associated companies	(422)	2,827	–	(18,568)	–	(16,163)
Profit before taxation						176,684
Taxation						(38,221)
Profit after taxation						138,463
Minority interests						(85,200)
Profit attributable to shareholders						53,263

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments *(Continued)*

	Property sales	Property leasing	Hotel and travel	Investments	Other operations	Group
	Six months ended 30th September 2003					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	85,715	27,168	180,983	949	16,236	311,051
Contribution to segment results	501	24,047	9,546	949	10,684	45,727
Other charges	(17,172)	–	(10,361)	(7,042)	(51,100)	(85,675)
Unallocated corporate expenses						(17,308)
Operating loss						(57,256)
Finance costs						(62,696)
Share of results of						
Jointly controlled entities	3,275	–	–	(11,334)	–	(8,059)
Associated companies	(29,265)	3,630	96	(25,908)	(25)	(51,472)
Loss before taxation						(179,483)
Taxation credit						3,894
Loss after taxation						(175,589)
Minority interests						61,924
Loss attributable to shareholders						(113,665)

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		Six months ended	
	30th September		30th September	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	313,381	251,098	26,565	(71,613)
Mainland China	4,013	19,305	386	(997)
Canada	43,764	40,648	18,078	15,354
	361,158	311,051	45,029	(57,256)

4. OTHER INCOME/(CHARGES)

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Write-back of provision/(provision) for diminution in value of properties under development/held for sales	11,400	(17,172)
Net unrealised losses on other investments	(15,662)	(6,073)
Amortisation of goodwill	(3,232)	(3,232)
Write-back of provision/(provision) for doubtful debts	12,324	(51,100)
Loss on disposal of interest in an associated company	–	(9,129)
Negative goodwill recognised	–	1,031
	4,830	(85,675)

5. OPERATING PROFIT/(LOSS)

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000

Operating profit/(loss) is stated after crediting and charging the following:

Crediting

Net rental income (<i>note (a)</i>)	22,520	23,165
Interest income	5,238	7,187
Dividends from listed investments	142	949

Charging

Staff costs, including Directors' emoluments (<i>note (b)</i>)	46,659	44,294
Depreciation	652	2,804
Net realised losses on other investments	15	–
Net unrealised losses on other investments	15,662	6,073

(a) Net rental income

Gross rental income		
Investment properties	16,052	17,531
Properties held for sale	9,156	9,637
	25,208	27,168
Outgoings	(2,688)	(4,003)
	22,520	23,165

(b) Staff costs

Wages and salaries	47,148	44,279
Retirement benefits costs	1,486	1,223
	48,634	45,502
Capitalised as properties under development	(1,975)	(1,208)
	46,659	44,294

Notes to the Interim Consolidated Accounts

6. FINANCE COSTS

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Interest expense		
Long term bank loans	26,896	39,357
Convertible bonds	15,499	15,499
Convertible notes	1,612	2,569
Loans from minority shareholders of subsidiaries	1,545	1,544
Short term bank loans and overdrafts	6,534	9,386
Other incidental borrowing costs	3,361	3,337
	55,447	71,692
Capitalised as cost of properties under development		
Interest expense	(6,342)	(8,462)
Other incidental borrowing costs	(540)	(534)
	48,565	62,696

7. TAXATION (CHARGE)/CREDIT

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) 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.

The amount of taxation (charged)/credited to the consolidated profit and loss account represents:

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	(136)	–
Over/(under) provisions in prior years	140	(388)
Deferred taxation		
Relating to the origination and reversal of temporary differences	(1,250)	2,653
Resulting from an increase in tax rate	–	2,434
	(1,246)	4,699
Share of taxation attributable to		
Associated companies	(510)	(805)
Jointly controlled entities	(36,465)	–
	(38,221)	3,894

8. DIVIDEND

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Proposed interim dividend of HK2 cents (2003: Nil) per share, based on the 199,826,426 shares in issue at the date of this report	3,997	–

Notes to the Interim Consolidated Accounts

9. EARNINGS/(LOSS) PER SHARE

The calculation of earnings/(loss) per share is based on profit attributable to shareholders of HK\$53,263,000 (2003: loss of HK\$113,665,000) and on the weighted average of 173,629,706 (2003:149,826,429) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2004 is based on HK\$47,535,000 equalling to the profit attributable to shareholders of HK\$53,263,000 plus after tax interest savings of HK\$13,685,000 less increased minority interests' share of the profit of HK\$19,413,000 and, 199,826,426 shares equalling to the weighted average number of 173,629,706 shares in issue during the period plus 26,196,720 shares deemed to be in issue assuming the convertible notes had been converted.

No diluted loss per share for the six months ended 30th September 2003 is presented as the exercise of subscription rights attached to the share options and the conversion of the convertible notes would not have a dilutive effect on the loss per share.

10. GOODWILL

	HK\$'000
Cost	
At 31st March and 30th September 2004	44,647
Accumulated amortisation	
At 31st March 2004	13,760
Charge for the period	3,232
At 30th September 2004	16,992
Net book value	
At 30th September 2004	27,655
At 31st March 2004	30,887

11. DEBTORS AND PREPAYMENTS

Debtors and prepayments include trade debtors, utility and other deposits, stakeholders' accounts, interest and other receivables. At 31st March 2004, there was a housing loan of HK\$1,088,000 granted to a Director, Mr. Kwan Po Lam, Phileas, in March 1995 and the loan was fully repaid in August 2004. The loan was secured by a legal mortgage over the subject property, carried interest at 2% below prime rate per annum and the principal was repayable by quarterly instalments of HK\$17,000 each. The maximum outstanding balance during the period was HK\$1,088,000 (31st March 2004: HK\$1,156,000).

Trade debtors amounted to HK\$61,410,000 (31st March 2004: HK\$37,905,000), 96% (31st March 2004: 100%) of which 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.

12. 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\$27,590,000 (31st March 2004: HK\$26,012,000), 87% (31st March 2004: 100%) of which were aged under six months.

13. SHARE CAPITAL

	Number of shares	HK\$'000
Shares of HK\$0.1 each		
Authorised:		
At 31st March and 30th September 2004	750,000,000	75,000
Issued and fully paid:		
At 31st March 2004	173,493,094	17,349
Conversion of convertible notes	1,666,666	167
At 30th September 2004	175,159,760	17,516

During the period, holders of HK\$2,000,000 (31st March 2004: HK\$28,400,000) 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 the Interim Consolidated Accounts

14. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Hotel properties revaluation reserve HK\$'000	Contributed surplus HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2004	1,417,381	479,738	120,156	1,002,675	(946,876)	2,073,074
Translation differences	–	–	164	–	2,855	3,019
Conversion of convertible notes	1,833	–	–	–	–	1,833
Profit for the period	–	–	–	–	53,263	53,263
At 30th September 2004	1,419,214	479,738	120,320	1,002,675	(890,758)	2,131,189

The revenue reserve includes HK\$3,997,000 (31st March 2004: Nil) representing the proposed interim dividend for the period.

15. CONVERTIBLE BONDS

On 7th January 2002, Asia Standard International Capital Limited ("ASICL"), a wholly owned subsidiary of Asia Standard International Group Limited ("Asia Standard"), issued HK\$290,000,000 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 (formerly known as Grosvenor Group Holdings 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.

Provision of HK\$29,021,000 (31st March 2004: HK\$23,700,000) 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.

16. CONVERTIBLE NOTES

On 16th January 2003, the Company issued HK\$60,000,000 convertible notes which bear interest at 5% per annum payable annually in arrears. Each holder of these 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. During the period, HK\$2,000,000 (31st March 2004: HK\$28,400,000) of these convertible notes were converted into fully paid shares of the Company at HK\$1.20 per share, with HK\$29,600,000 (31st March 2004: HK\$31,600,000) of these convertible notes remain outstanding at 30th September 2004. The remaining HK\$29,600,000 convertible notes were subsequently converted into fully paid shares of the Company during the period between October and November 2004.

On 15th April 2003, Asia Standard Hotel Group Limited ("Asia Standard Hotel"), a listed subsidiary, issued convertible notes of the principal amount of HK\$46,000,000, 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. During the period, Asia Standard Hotel redeemed convertible notes of the principal amount of HK\$34,400,000 with accrued interest. Subsequent to the period end and on 14th October 2004, Asia Standard Hotel fully redeemed the outstanding principal amount of convertible notes not already converted or redeemed with accrued interest.

17. LONG TERM LOANS

	30th September 2004 HK\$'000	31st March 2004 HK\$'000
Bank loans, secured		
Repayable within one year	162,770	118,446
Repayable between one and two years	285,316	145,220
Repayable between two and five years	799,326	751,362
Repayable after five years	1,253,626	1,332,634
	2,501,038	2,347,662
Current portion included in current liabilities	(162,770)	(118,446)
	2,338,268	2,229,216

Notes to the Interim Consolidated Accounts

18. CAPITAL COMMITMENTS

	30th September	31st March
	2004	2004
	HK\$'000	HK\$'000
Contracted but not provided for	–	–
Authorised but not contracted for	–	–

19. CONTINGENT LIABILITIES

	30th September	31st March
	2004	2004
	HK\$'000	HK\$'000
Guarantees for the banking and loan facilities of:		
Jointly controlled entities	–	146,693
Associated companies	136,464	97,068
Third parties	1,733	1,785
	138,197	245,546

20. SUBSEQUENT EVENTS

- (a) On 18th October 2004, Asia Standard Development (Holdings) Limited, a wholly owned subsidiary of the Company, entered into an agreement with Grosvenor Asset Management Limited (“GAML”), a substantial shareholder of Asia Standard, to sell to GAML a subsidiary which indirectly owns 50% interest in a development project at Ting Kau, Castle Peak Road for a consideration of HK\$71.9 million. The transaction was completed on 8th December 2004.
- (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 subject matter.
- (c) In November 2004, the Group disposed of 80 million shares in Asia Standard for net consideration of HK\$27.1 million at a loss of approximately HK\$25 million. Thereafter, the Group’s shareholding in Asia Standard decreased from 52.8% to 50.9%.
- (d) In December 2004, the Group issued a circular in respect of a proposed possible disposal of approximately 40 million shares in Asia Standard. Upon the completion of the possible disposal, the Group’s shareholding in Asia Standard will further decrease from 50.9% to 49.9% and consequently Asia Standard will become an associated company of the Group.

21. REVIEW OF UNAUDITED INTERIM ACCOUNTS

The unaudited interim accounts for the six months ended 30th September 2004 have been reviewed by the audit committee of the Company.

PRO FORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES

The Group had amounts due from and loans to certain affiliated companies in a total sum of HK\$978 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$136 million totalling HK\$1,114 million as at 30th September 2004 which exceeds 8% of the Group's net assets. A pro forma 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:

	Pro forma combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Fixed assets	16,696	4,295
Investment properties	824,000	271,920
Jointly controlled entities	84,593	42,297
Properties held for/under development for sale	519,848	230,886
Current assets	371,762	158,836
Current liabilities	(225,421)	(60,002)
Long term bank and other loans	(304,710)	(96,556)
Deferred tax liabilities	(13,136)	(5,567)
Minority interests	(17,760)	(8,712)
Shareholders' advance	(1,884,755)	(977,614)
	<u>(628,883)</u>	<u>(440,217)</u>

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2004, the interests and short position of the Directors and Chief Executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Hong Kong Securities and Futures Ordinance (the "SFO") which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(I) LONG POSITIONS IN SHARES

(a) *The Company*

Director	Number of shares held			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest		
Poon Jing	31,714,396	38,011,695	1,396,520	71,122,611	40.60
Fung Siu To, Clement	3,949,400	–	–	3,949,400	2.25

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(I) LONG POSITIONS IN SHARES *(Continued)*

(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	2,170,469,712*	2,174,915,362*	52.93
Poon Jing	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.

(II) LONG POSITIONS IN UNDERLYING SHARES

Interest in share options

(a) *The Company*

On 12th February 2004, options to subscribe for 1,718,000 shares of the Company were granted to each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Lun Pui Kan and Kwan Po Lam, Phileas, all being the Directors of the Company, at exercise price of HK\$3.3 per share. These options are exercisable from 12th February 2004 to 11th February 2014. During the period, no option was granted, exercised, cancelled or lapsed. Each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Lun Pui Kan and Kwan Po Lam, Phileas had option to subscribe for 1,718,000 shares of the Company at 1st April 2004 and 30th September 2004 respectively.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(II) LONG POSITIONS IN UNDERLYING SHARES *(Continued)*

(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. No option was exercised, cancelled or lapsed during the period. As at 1st April 2004 and 30th September 2004, Mr. Lun Pui Kan held options to subscribe for 1,750,000 shares of Asia Standard.

(c) *Associated company – Q9 Technology Holdings Limited*

As at 30th September 2004, details of the share options granted to Directors under the share option schemes are as follows:

Name of Director	Exercise Period*	Outstanding as at 1st April 2004 and 30th September 2004	
		Pre-IPO Share Option Scheme	Share Option 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: 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.

No option pursuant to the Pre-IPO Share Option Scheme and Share Option Scheme adopted on 7th May 2001 had been granted to the Directors and no option granted to Directors had been exercised, cancelled or lapsed during the period. The option may be exercised at any time within the option period provided that the options have been vested.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(II) LONG POSITIONS IN UNDERLYING SHARES *(Continued)*

(c) *Associated company – Q9 Technology Holdings Limited (Continued)*

- * 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 30th September 2004, 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 or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are 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 are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

SHARE OPTION SCHEMES

Company

Pursuant to an ordinary resolution passed at the Special General Meeting of the Company held on 11th November 2002, the Company adopted a new option scheme to replace an old option scheme. According to the new option scheme, the board of Directors of the Company may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiary or any invested entity, their discretionary trust or the companies owned by them. There are no changes in any terms of the scheme during the six months ended 30th September 2004. The detail terms of the option scheme were disclosed in the 2004 annual report.

As at 30th September 2004, there were 6,872,000 options granted to Directors at an exercise price of HK\$3.30 per share outstanding.

The following table discloses details of the Company's options granted under the option scheme held by employees (including Directors) and movement in such holdings during the period:

Grantee	Outstanding as at 1st April 2004	Outstanding as at 30th September 2004
Directors	6,872,000	6,872,000

Notes:

1. No option was granted, cancelled, lapsed nor exercised during the period.
2. All options are exercisable at an exercise price of HK\$3.30 per share.
3. All options were granted on 12th February 2004 and exercisable from 12th February 2004 to 11th February 2014.

Subsidiaries

(a) *Asia Standard*

1. Share Option Scheme adopted on 23rd December 2001 ("Old Option Scheme")

The Old Option Scheme of Asia Standard expired on 22nd January 2002. As at 30th September 2004, there were 1,750,000 options granted to a Director outstanding. The options are exercisable in accordance with the terms of the expired share option scheme.

SHARE OPTION SCHEMES *(Continued)*

Subsidiaries *(Continued)*

(a) Asia Standard *(Continued)*

2. Share Option Scheme adopted on 27th August 2004 (“New Option Scheme”)

Pursuant to the New Option Scheme, the Directors may grant options to the eligible participants options to subscribe shares at the subscription price of the highest of (i) the closing price of the shares; (ii) the average of the closing prices of the shares for the five business days immediately preceding the date of grant and (iii) the nominal value of a share for a period of 10 years from 27th August 2004 to 26th August 2014. The grantees of the share option may exercise the options during such period as determined by the Board of Director of the Company.

No option has been granted under the New Option Scheme since its adoption.

(b) Asia Standard Hotel

The share option scheme was adopted on 24th May 2000 whereby options may be granted to the employees, including Executive Directors of Asia Standard Hotel and its subsidiaries, to subscribe for shares of Asia Standard Hotel. There are no changes in any terms of the scheme during the six months ended 30th September 2004. The detail terms of the scheme were disclosed in the 2004 annual report.

No option has been granted under the share option scheme.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30th September 2004, the Company had been notified of the following shareholders’ interests and short positions, being 5% or more of the Company’s issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

(a) LONG POSITIONS IN SHARES OF THE COMPANY

Name	Number of shares held	Percentage
Poon Jing <i>(notes 1 and 2)</i>	71,122,611	40.60
Teddington Holdings Limited ("Teddington")	15,856,581	9.05
Heston Holdings Limited ("Heston")	13,209,717	7.54
Full Speed Investments Limited ("Full Speed")	8,945,397	5.11
Lau Luen Hung, Thomas <i>(note 3)</i>	13,428,180	7.67
Tjia Boen Sien <i>(note 4)</i>	9,166,666	5.23
Cheung Chung Kiu <i>(note 5)</i>	10,364,746	5.92
Palin Holdings Limited <i>(note 5)</i>	10,364,746	5.92
Chongqing Industrial Limited <i>(note 5)</i>	10,364,746	5.92
Yugang International Limited <i>(note 5)</i>	10,364,746	5.92
Yugang International (BVI) Limited <i>(note 5)</i>	10,364,746	5.92
Regulator Holdings Limited <i>(note 5)</i>	7,000,000	4.00 <i>(note 6)</i>
Qualipak International Holdings Limited <i>(note 5)</i>	7,000,000	4.00 <i>(note 6)</i>
Qualipak Development Limited <i>(note 5)</i>	7,000,000	4.00 <i>(note 6)</i>
Worthwell Investments Limited <i>(note 5)</i>	7,000,000	4.00 <i>(note 6)</i>

Note 1. Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed together hold 71,122,611 shares.

2. The interest of Mr. Poon Jing in the Company duplicate the interest of Teddington, Heston and Full Speed.

3. Mr. Lau Luen Hung has personal interest in 5,928,180 shares of the Company and has controlling interest of 50% in Swarkin Assets Ltd. ("Swarkin") which holds 7,500,000 shares of the Company. By virtue of the SFO, Mr. Lau is deemed to be interested in 7,500,000 shares held by Swarkin.

4. Mr. Tjia Boen Sien has corporate interest in 9,166,666 shares of the Company. He also has controlling interest of 50% in Swarkin. By virtue of the SFO, Mr. Tjia is deemed to be interested in the shares held by Swarkin.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

(a) LONG POSITIONS IN SHARES OF THE COMPANY *(Continued)*

5. Mr. Cheung Chung Kiu is deemed to be interested in the shares of the Company by virtue of his indirect shareholding in Bookman Properties Limited which owns 3,364,746 shares in the Company and Worthwell Investments Limited which owns 7,000,000 shares in the Company. Bookman Properties Limited is a wholly-owned subsidiary of Ferrex Holdings Limited. Ferrex Holdings Limited is a wholly-owned subsidiary of Yugang International (BVI) Limited. Worthwell Investments Limited was a wholly owned subsidiary of Qualipak Development Limited. Qualipak Development Limited is a wholly-owned subsidiary of Qualipak International Holdings Limited which is controlled (59.71%) by Regulator Holdings Limited. Regulator Holdings Limited is a wholly-owned subsidiary of Yugang International (BVI) Limited, which is, in turn, 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.

6. The aggregated holding of shares together with the underlying shares of interest in convertible notes disclosed herein below is more than 5% of the issued share capital of the Company.

(b) LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY CONVERTIBLE NOTES

Name	At 30/9/2004	
	Underlying shares interest of convertible notes	Percentage (%)
Cheung Chung Kiu <i>(note 1)</i>	9,666,666	5.52
Palin Holdings Limited <i>(note 1)</i>	9,666,666	5.52
Chongqing Industrial Limited <i>(note 1)</i>	9,666,666	5.52
Yugang International Limited <i>(note 1)</i>	9,666,666	5.52
Yugang International (BVI) Limited <i>(note 1)</i>	9,666,666	5.52
Regulator Holdings Limited <i>(note 1)</i>	9,666,666	5.52
Qualipak International Holdings Limited <i>(note 1)</i>	9,666,666	5.52
Qualipak Development Limited <i>(note 1)</i>	9,666,666	5.52
Worthwell Investments Limited <i>(note 1)</i>	9,666,666	5.52
The Cross-Harbour (Holdings) Limited <i>(note 2)</i>	12,500,000	7.14
Wingspan Limited <i>(note 2)</i>	12,500,000	7.14
Gold Faith Investments Limited <i>(note 2)</i>	12,500,000	7.14

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

(b) LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY *(Continued)*

CONVERTIBLE NOTES *(Continued)*

The convertible notes can be converted into shares of the Company at conversion price of HK\$1.10 per share for the period from 15th January 2003 to 14th January 2004 and HK\$1.20 for the period from 15th January 2004 to 14th January 2005.

During the period, HK\$2,000,000 convertible notes were converted into 1,666,666 shares of the Company at HK\$1.20 per share.

Notes:

1. Mr. Cheung Chung Kiu is deemed to be interested in the underlying shares of the Company by virtue of his indirect shareholding in Worthwell Investments Limited which owns 9,666,666 underlying shares in the Company. Worthwell Investments Limited was a wholly-owned subsidiary of Qualipak Development Limited. Qualipak Development Limited is a wholly-owned subsidiary of Qualipak International Holdings Limited which is controlled (59.71%) by Regulator Holdings Limited. Regulator Holdings Limited is a wholly owned subsidiary of Yugang International (BVI) Limited, which is, in turn, 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.
2. 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 underlying shares held by Gold Faith Investments Limited.

Save as disclosed above, as at 30th September 2004, 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.

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 at any time during the six months ended 30th September 2004.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Appendix 10 of the Listing Rules. The Company has also made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

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

Messrs. Hung Yat Ming and Wong Chi Keung were appointed as independent non-executive directors in September 2004.

BOOK CLOSURE

The Register of Members will be closed from Tuesday, 18th January 2005 to Thursday, 20th January 2005, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Branch Registrars, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30p.m. on Monday, 17th January 2005.

On behalf of the Board

Fung Siu To, Clement

Chairman

HONG KONG, 21st December 2004