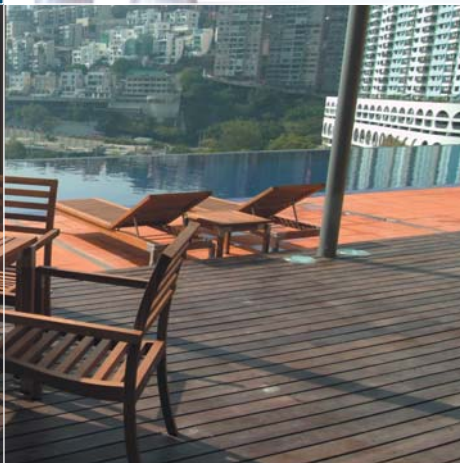
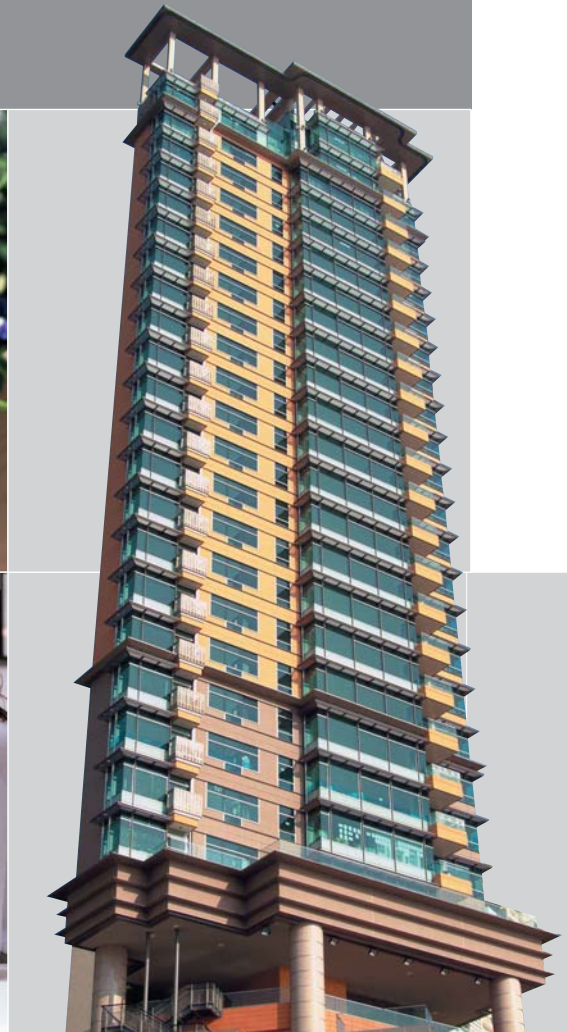




ASIA STANDARD INTERNATIONAL GROUP LIMITED



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. Loup, Nicholas James
Mr. Liang Shangli
Mr. Au Yat Chuen, Raymond
Mr. Koon Bok Ming, Alan*
Mr. Leung Wai Keung, Richard*
Mr. Wong Chi Keung*

* *Independent Non-executive Director*

AUDIT COMMITTEE

Mr. Koon Bok Ming, Alan (*Chairman*)
Mr. Leung Wai Keung, Richard
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.asiastandard.com>
E-mail as_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
Citic Ka Wah Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of Communications
Liu Chong Hing Bank Limited
Wing Hang Bank Limited

LEGAL ADVISERS

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

Appleby Spurling Hunter
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
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)	350	298	+17
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)	45	57	-21
Profit/(loss) attributable to shareholders (HK\$ million)	174	(121)	N/A
Earnings/(loss) per share (HK cents)			
Basic	4.24	(2.95)	N/A
Diluted	3.93		

	30th September	31st March	Change (%)
	2004	2004	
Total assets (HK\$ million)	7,434	7,309	+2
Shareholders' funds (HK\$ million)	3,647	3,468	+5
Net assets per share (HK\$)	0.887	0.844	+5
Net debt (HK\$million)	2,615	2,645	-1
Net debt to equity (shareholders' funds plus minority interests)	59%	62%	-5

Management Discussion and Analysis

We are pleased to report that the Group recorded a profit attributable to shareholders for the period of HK\$174 million (2003: HK\$121 million loss). Turnover for the period also increased to HK\$350 million against HK\$298 million of last period.

The Directors recommend the payment of interim dividend of HK0.2 cent per share (2003: nil).

BUSINESS REVIEW

The Group's business has improved due to a marked turnaround in property market and hotel performance. The general well being of the local economy should continue to prosper as mainland economy grows.

Properties sales and development

During this reporting period, the Group has conducted most of the property sales through jointly controlled entities. Including the share from these entities, sales proceeds attributable to the Group amounted to HK\$550 million, compared with about HK\$171 million in the last corresponding period. However by accounting conventions, sales by associates or joint venture companies were not included in the Group's turnover, hence the apparent low property sales turnover of HK\$36 million appeared in the consolidated profit and loss account.

The major contribution was from the sale of the 50% owned Grosvenor Place, the award winning luxury residential development in Repulse Bay. The development was sold for HK\$940 million, recording a profit contribution after tax of HK\$172 million to the Group. Other inventory of properties sold includes the retail spaces in Bijou Apartment and Royal Jubilee.

The Group has over a million square feet of properties under development. During the period, land premium totalling HK\$218 million were paid in respect of the two residential development at Yau Tong, Kowloon and Ping Shan, N.T.. The project at Yau Tong is entering into superstructure phase while foundation work is being carried out at Ping Shan. The two projects will provide a total gross floor area of 233,000 sq.ft.. These will be put for sale in 2005.

The group is actively negotiating with government in premium for Aberdeen and Hung Shui Kiu developments.

In November 2004, the Group completed the acquisition of a residential development site at Ting Kau, Castle Peak Road, for a total consideration of HK\$261 million. The site will be jointly developed with Grosvenor, the Group's strategic shareholder, each participating 50%.

Leasing

Rental income decreased slightly by about 7% for the two interim periods. We expect incomes from fixed tenancies should improve as demand for quality office accommodation grows. Currently, the Group holds about 450,000 sq.ft. office and retail portfolio.

Management Discussion and Analysis

Hotel

The hotel subsidiary achieved a 58% increase in turnover from HK\$181 million to HK\$287 million, while the result turn from a loss of HK\$19 million to a profit of HK\$17 million. Average occupancy of Empire Hotel Hong Kong increased from 41% to 74% while that of Empire Kowloon Hotel increased from 51% to 93%. Average room rate increased by approximately 50% for both hotels. Empire Hong Kong Hotel is now undergoing a renovation programme. The three hotels have an aggregate of 1,033 rooms with 395 carparks giving a total gross floor area of 824,000 sq.ft..

FINANCIAL REVIEW

As at 30th September 2004, the Group's total assets stood at HK\$7.4 billion (31st March 2004: HK\$7.3 billion) while net assets amounted to HK\$3.6 billion (31st March 2004: HK\$3.5 billion). The net borrowing is HK\$2.6 billion (31st March 2004: HK\$2.6 billion) of which HK\$1.2 billion (31st March 2004: HK\$1.3 billion) belonged to the separately listed hotel group. Net debt to equity ratio (including minority interests) was 59% (31st March 2004: 62%). The finance costs for the group decreased by 22%. All the borrowings are in Hong Kong dollar except that of Vancouver operation is in Canadian dollar. Only 6% (31st March 2004: 8%) of these borrowing were repayable within one year and the others are spread a long period of over ten years. As at 30th September 2004, properties with an aggregate net book value of HK\$6,221 million (31st March 2004: HK\$6,103 million) were pledged to secure banking facilities of the Group. The guarantees provided to financial institutions for jointly controlled entities, associated companies and third parties were HK\$138 million (31st March 2004: HK\$ 246 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30th September 2004, the group has employed 414 employees and over 91% are working for the separately listed hotel subgroup. The remuneration packages including basic salary, annual bonus, retirement and other benefit are commensurate with their job nature and experience level.

FUTURE PROSPECTS

The prospect from the Group is promising in all fronts as we hold more than 1 million sq.ft. of residential landbank and a quality investment portfolio and hotel operations which will be certain to benefit from Disney opening in 2005 and the opening up of Macau gaming industry.

We are also enjoying a very favourable financial environment characterised by stable low interest rates and our customers enjoy unprecedented low mortgage rate offer by the market.

Lastly, with the mainland economies continue to grow and remain stable, and the gradual integration of the Pearl River Delta economies, the operating environment are very positive for the Group.

Independent Review Report of The Auditors

TO THE BOARD OF DIRECTORS OF ASIA STANDARD INTERNATIONAL GROUP 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 6 to 20.

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

	Note	Six months ended 30th September	
		2004 HK\$'000	2003 HK\$'000
Turnover	3	350,137	297,944
Cost of sales		(254,725)	(217,426)
Gross profit		95,412	80,518
Administrative expenses		(58,841)	(57,699)
Other income/(charges)	4	13,885	(74,533)
Operating profit/(loss)	5	50,456	(51,714)
Finance costs	6	(44,507)	(57,138)
Share of profits less losses of			
Jointly controlled entities		207,259	3,275
Associated companies		2,405	(25,564)
Profit/(loss) before taxation		215,613	(131,141)
Taxation (charge)/credit	7	(37,916)	3,839
Profit/(loss) after taxation		177,697	(127,302)
Minority interests		(3,627)	6,103
Profit/(loss) attributable to shareholders		174,070	(121,199)
Dividend	8	8,218	–
Earnings/(loss) per share			
Basic	9	4.24 cents	(2.95) cents
Diluted	9	3.93 cents	

Consolidated Balance Sheet – Unaudited

		30th September 2004 HK\$'000	31st March 2004 HK\$'000
	<i>Note</i>		
Fixed assets		4,654,759	4,642,900
Jointly controlled entities		95,530	213,994
Associated companies		360,023	357,923
Long term investment		–	1,601
Goodwill	10	15,651	16,883
Mortgage loans receivable		32,638	40,160
Deferred tax assets		56,812	55,388
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	188,090	176,058
Other investments		64,173	70,233
Tax recoverable		224	238
Bank balances and cash		139,755	93,308
		2,218,406	1,979,683
Current liabilities			
Creditors and accruals	12	188,197	268,662
Short term bank loans and overdrafts			
Secured		2,000	23,000
Unsecured		8,054	31,941
Convertible notes	16	11,600	46,000
Current portion of long term loans	17	133,705	118,446
Taxation		9,382	9,452
		352,938	497,501
Net current assets		1,865,468	1,482,182
		7,080,881	6,811,031
Financed by:			
Share capital	13	41,093	41,093
Reserves	14	3,605,822	3,426,487
Shareholders' funds		3,646,915	3,467,580
Convertible bonds	15	290,000	290,000
Long term loans	17	2,309,203	2,229,216
Deferred tax liabilities		56,496	53,395
Minority interests and loans		778,267	770,840
		7,080,881	6,811,031

Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Net cash used in operating activities	(255,179)	(1,628)
Net cash from/(used in) investing activities	288,187	(6,406)
Net cash from/(used in) financing activities	15,405	(29,726)
Net increase/(decrease) in cash and cash equivalents	48,413	(37,760)
Cash and cash equivalents at beginning of period	56,742	58,374
Changes in exchange rates	293	(441)
Cash and cash equivalents at end of period	105,448	20,173
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding pledged deposits)	113,502	67,081
Bank overdrafts	(8,054)	(46,908)
	105,448	20,173

Consolidated Statement of Changes in Equity – Unaudited

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Balance at beginning of period	3,467,580	3,434,352
Exchange differences arising on translation of accounts of overseas subsidiaries, jointly controlled entities and associated companies	5,265	12,581
Revaluation deficit on hotel properties	–	(598)
Net gains not recognised in the profit and loss account	5,265	11,983
Profit/(loss) for the period attributable to shareholders	174,070	(121,199)
Repurchase of own shares	–	(867)
Balance at end of period	3,646,915	3,324,269

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 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. 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 2004				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	36,165	25,208	286,722	2,042	350,137
Contribution to segment results	(18,805)	21,930	49,996	2,042	55,163
Other income/(charges)	11,400	–	(1,232)	3,717	13,885
Unallocated corporate expenses					(18,592)
Operating profit					50,456
Finance costs					(44,507)
Share of results of					
Jointly controlled entities	207,259	–	–	–	207,259
Associated companies	(422)	2,827	–	–	2,405
Profit before taxation					215,613
Taxation					(37,916)
Profit after taxation					177,697
Minority interests					(3,627)
Profit attributable to shareholders					174,070

	Six months ended 30th September 2003				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	85,715	27,168	180,983	4,078	297,944
Contribution to segment results	501	24,047	9,546	4,078	38,172
Other charges	(17,172)	–	(10,361)	(47,000)	(74,533)
Unallocated corporate expenses					(15,353)
Operating loss					(51,714)
Finance costs					(57,138)
Share of results of					
Jointly controlled entities	3,275	–	–	–	3,275
Associated companies	(29,265)	3,630	96	(25)	(25,564)
Loss before taxation					(131,141)
Taxation credit					3,839
Loss after taxation					(127,302)
Minority interests					6,103
Loss attributable to shareholders					(121,199)

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	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	302,360	237,991	31,992	(66,071)
Mainland China	4,013	19,305	386	(997)
Canada	43,764	40,648	18,078	15,354
	350,137	297,944	50,456	(51,714)

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)/gains on other investments	(8,607)	4,100
Amortisation of goodwill	(1,232)	(1,232)
Write-back of provision/(provision) for doubtful debts	12,324	(51,100)
Loss on disposal of interest in an associated company	–	(9,129)
	13,885	(74,533)

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	1,900	3,486
Dividends from listed investments	142	593
Net unrealised gains on other investments	–	4,100

Charging

Staff costs, including Directors' emoluments (<i>note (b)</i>)	43,414	40,491
Depreciation	592	2,703
Net unrealised losses on other investments	8,607	–

(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	44,042	40,802
Retirement benefits costs	1,347	897
	45,389	41,699
Capitalised as properties under development	(1,975)	(1,208)
	43,414	40,491

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	824	1,065
Loans from minority shareholders of subsidiaries	1,545	1,544
Short term bank loans and overdrafts	3,676	5,787
Other incidental borrowing costs	2,949	2,882
	51,389	66,134
Capitalised as cost of properties under development		
Interest expense	(6,342)	(8,462)
Other incidental borrowing costs	(540)	(534)
	44,507	57,138

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	(68)	–
Over/(under) provisions in prior years	140	(388)
Deferred taxation		
Relating to the origination and reversal of temporary differences	(1,013)	3,398
Resulting from an increase in tax rate	–	1,634
	(941)	4,644
Share of taxation attributable to		
Associated companies	(510)	(805)
Jointly controlled entities	(36,465)	–
	(37,916)	3,839

8. DIVIDEND

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Proposed interim dividend of HK0.2 cent (2003: Nil) per share	8,218	–

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\$174,070,000 (2003: loss of HK\$121,199,000) and on the weighted average of 4,109,249,990 (2003: 4,109,301,376) 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\$186,857,000 equalling to the profit attributable to shareholders of HK\$174,070,000 plus after tax interest savings of HK\$12,787,000 and, 4,753,694,434 shares equalling to the weighted average number of 4,109,249,990 shares in issue during the period plus 644,444,444 potential shares deemed to be in issue assuming the convertible bonds 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 bonds would not have a dilutive effect on the loss per share.

10. GOODWILL

	HK\$'000
Cost	
At 31st March and 30th September 2004	24,643
Accumulated amortisation	
At 31st March 2004	7,760
Charge for the period	1,232
At 30th September 2004	8,992
Net book value	
At 30th September 2004	15,651
At 31st March 2004	16,883

11. DEBTORS AND PREPAYMENTS

Debtors and prepayments include trade debtors, utility and other deposits, stakeholders' accounts, interest and other receivables. As 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 repaid 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\$60,791,000 (31st March 2004: HK\$36,789,000), 97% (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\$23,990,000 (31st March 2004: HK\$23,185,000), 86% (31st March 2004: 100%) of which were aged under six months.

13. SHARE CAPITAL

	Number of shares	HK\$'000
Shares of HK\$0.01 each		
Authorised:		
At 31st March and 30th September 2004	400,000,000,000	4,000,000
Issued and fully paid:		
At 31st March and 30th September 2004	4,109,249,990	41,093

Notes to the Interim Consolidated Accounts

14. RESERVES

	Revaluation reserve							Total
	Share premium	Capital			Hotel properties	Contributed surplus	Revenue reserve	
		reserve	redemption reserve	Investment properties				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 31st March 2004	533,090	362	43,868	483,031	343,866	2,670,292	(648,022)	3,426,487
Translation differences	-	-	-	-	286	-	4,979	5,265
Profit for the period	-	-	-	-	-	-	174,070	174,070
At 30th September 2004	533,090	362	43,868	483,031	344,152	2,670,292	(468,973)	3,605,822

The revenue reserve includes HK\$8,218,000 (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 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. 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 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\$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 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	133,705	118,446
Repayable between one and two years	256,251	145,220
Repayable between two and five years	799,326	751,362
Repayable after five years	1,253,626	1,332,634
	2,442,908	2,347,662
Current portion included in current liabilities	(133,705)	(118,446)
	2,309,203	2,229,216

18. CAPITAL COMMITMENTS

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

Notes to the Interim Consolidated Accounts

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 EVENT

- (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 the Company, 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.

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\$921 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$136 million totalling HK\$1,057 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	929	245
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	326,633	145,956
Current liabilities	(208,401)	(74,525)
Long term bank and other loans	(303,321)	(96,000)
Deferred tax liabilities	(9,948)	(4,770)
Minority interests	(19,204)	(9,227)
Shareholders' advance	(1,767,395)	(921,275)
	(552,266)	(414,493)

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			Percentage of shares in issue (%)
	Personal interests	Corporate interests	Total	
Poon Jing	4,445,650	2,170,469,712	2,174,915,362*	52.93

- * By virtue of his controlling interest (40.60%) in Asia Orient Holdings Limited ("Asia Orient"), Mr. Poon Jing is deemed to be interested in the shares of the Company held by the subsidiaries of Asia Orient as disclosed under the heading "Substantial Shareholders" below.

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 Hotel Group Limited ("Asia Standard Hotel")	248,937	3,699,148,774	3,699,397,711	73.22
Poon Jing and Fung Siu To, Clement	Centop Investment Limited	–	20	20	20
Fung Siu To, Clement	Mark Honour Limited	9	–	9	9

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 the Company's subsidiaries.

(c) Asia Orient

Director	Number of shares held			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)*

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) *The Company*

Options to subscribe for 1,750,000 shares of the Company were granted to Mr. Lun Pui Kan on 27th February 1995. The options are exercisable from 27th March 1995 to 27th March 2005 at an 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 the Company.

(b) *Asia Orient*

On 12th February 2004, options to subscribe for 1,718,000 shares of Asia Orient 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 options to subscribe for 1,718,000 shares of Asia Orient at 1st April 2004 and 30th September 2004 respectively.

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

1. Share Option Scheme adopted on 23rd December 2001 (“Old Option Scheme”)
The Old Option Scheme of the Company 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 Old Option Scheme.
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 to subscribe shares at the subscription price of the highest of (i) the closing price of a share; (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 27 August 2004 to 26 August 2014. The grantees of the share options may exercise the options during such period as determined by the Board of Directors of the Company.

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

Subsidiary – 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.

(a) LONG POSITIONS IN SHARES OF THE COMPANY

Name	Number of shares	Percentage
Asia Orient (Note 1)	2,170,469,712	52.82
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	2,170,469,712	52.82
Asia Orient Company Limited ("AOCL") (Note 1 and 3)	2,170,469,712	52.82
Impetus Holdings Limited ("Impetus") (Note 2)	1,092,862,918	26.60
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 4)	975,708,512	23.74
Grosvenor Asset Management Limited (Note 5)	613,530,000	14.93
Grosvenor International S.A. (Note 5)	613,530,000	14.93
Grosvenor Group Limited (formerly known as Grosvenor Group Holdings Limited) (Note 5)	613,530,000	14.93
Jeremy Henry Moore Newsum (Note 5)	613,530,000	14.93
Robin Shedden Broadhurst (Note 5)	613,530,000	14.93
Mark Antony Loveday (Note 5)	613,530,000	14.93
Gillian Lucy Newsum (Note 5)	613,530,000	14.93
Penelope Alison Broadhurst (Note 5)	613,530,000	14.93
Mary Elizabeth Loveday (Note 5)	613,530,000	14.93

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

(b) LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

CONVERTIBLE BONDS

Name	Underlying share interest of HK\$290,000,000 convertible bonds at 30th September 2004
Grosvenor Limited <i>(Note 5)</i>	644,444,444
Grosvenor Asset Management Limited <i>(Note 5)</i>	644,444,444
Grosvenor International S.A. <i>(Note 5)</i>	644,444,444
Grosvenor Group Limited (formerly known as Grosvenor Group Holdings Limited) <i>(Note 5)</i>	644,444,444
Jeremy Henry Moore Newsum <i>(Note 5)</i>	644,444,444
Robin Shedden Broadhurst <i>(Note 5)</i>	644,444,444
Mark Antony Loveday <i>(Note 5)</i>	644,444,444
Gillian Lucy Newsum <i>(Note 5)</i>	644,444,444
Penelope Alison Broadhurst <i>(Note 5)</i>	644,444,444
Mary Elizabeth Loveday <i>(Note 5)</i>	644,444,444

The Convertible Bonds can be converted into shares of the Company at conversion price of HK\$0.45 per share at any time between 7th January 2002 to 7th January 2007. During the period, no convertible bonds was converted.

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 2,170,469,712 shares of the Company.
2. Impetus is a wholly-owned subsidiary of AOCL, the interests of Impetus are deemed to be, and have therefore been included in, the interest of AOCL.
3. The interest of AOCL and its subsidiaries duplicate the interests of Mr. Poon Jing disclosed under the heading "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above which he is deemed to have by virtue of his controlling interest (40.60%) in Asia Orient.

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)*

4. *Both Kingfisher and Lipton are wholly-owned subsidiaries of Impetus and jointly hold 975,708,512 shares. The joint interests of Kingfisher and Lipton are deemed to be, and have therefore been included in, the interests of Impetus.*

5. *Grosvenor Limited is a wholly owned subsidiary of Grosvenor Asset Management Limited which is a wholly owned subsidiary of Grosvenor International S.A. Grosvenor International S.A. is a company listed in Luxemburg and is majority owned (64.04%) by Grosvenor Continental Europe Holdings Limited. Grosvenor Continental Europe Holdings Limited is an indirect wholly owned subsidiary of Grosvenor Group Limited (formerly known as Grosvenor Group Holdings Limited) which is controlled (43.56%) by The Fourth Duke of Westminster 1964 Settlement.*

Grosvenor Asset Management Limited owned 613,530,000 shares of the Company. Each of Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited and Grosvenor Group Limited (formerly known as Grosvenor Group Holdings Limited) is deemed to be interested in and duplicate the interest in the 613,530,000 shares held by Grosvenor Asset Management Limited. Grosvenor Limited owned HK\$290,000,000 Convertible Bonds convertible into 644,444,444 shares of the Company. Each of Grosvenor Asset Management Limited, Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited and Grosvenor Group Limited (formerly known as Grosvenor Group Holdings Limited) is deemed to be interested in and duplicate the interest in the underlying 644,444,444 shares of the Company under the Convertible Bonds.

Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday are the trustees of the The Fourth Duke of Westminster 1964 Settlement. Each of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst, Mark Antony Loveday are deemed to be interested and duplicate the interest in 613,530,000 shares and the underlying 644,444,444 shares of the Company under the Convertible Bonds. Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday are spouse of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday respectively. Each of Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday is deemed to have family interest and duplicate the interest in 613,530,000 shares and the underlying 644,444,444 shares of the Company under the Convertible Bonds.

Save as disclosed above, as at 30th September 2004, the Directors are not aware of any other persons who had interests or short positions 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 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

During the period, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

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. Koon Bok Ming, Alan, Mr. Leung Wai Keung, Richard 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. Leung Wai Keung, Richard 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.

By Order of the Board

Fung Siu To, Clement

Chairman

HONG KONG, 21st December 2004