



Asia Standard  
Hotel Group Limited



Interim Report 2001

# Corporate Information

## DIRECTORS

Mr. Poon Jing (Chairman)  
Mr. Lim Yin Cheng (Deputy Chairman)  
Mr. Fung Siu To, Clement  
Mr. Leung King Yin, Kevin  
Mr. Kessler, Thomas Alwin  
Mr. Poon Tin Sau, Robert  
Mr. Wong Shu Pui  
Mr. Liang Shangli  
(Independent non-executive Director)  
Mr. Lee Man Kwong  
(Independent non-executive Director)

## AUDIT COMMITTEE

Mr. Liang Shangli  
Mr. Lee Man Kwong

## AUTHORISED REPRESENTATIVES

Mr. Lim Yin Cheng  
Mr. Lee Tai Hay, Dominic

## COMPANY SECRETARY

Mr. Lee Tai Hay, Dominic

## REGISTERED OFFICE

Cedar House,  
41 Cedar Avenue,  
Hamilton HM12,  
Bermuda

## PRINCIPAL OFFICE IN HONG KONG

28th Floor, Asia Orient Tower, Town Place,  
33 Lockhart Road, Wanchai,  
Hong Kong

Telephone 2866 3336  
Facsimile 2866 3772  
E-mail info@asia-standard.com.hk

## PRINCIPAL BANKERS

Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited  
Royal Bank of Canada  
HSBC Bank Canada  
DBS Kwong On 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 & Kempe  
5511 The Center,  
99 Queen's Road Central,  
Hong Kong

## AUDITORS

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

## SHARE REGISTRAR IN BERMUDA

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

# Chairman Statement

## Interim Results

Turnover amounted to HK\$218.7 million for the six months to September 2001, which has increased by HK\$124.8 million as compared with the same period last year. The surge is primarily due to the air-ticket revenue of HK\$129.7 million attributable to a travel agency and tour business acquired by the Group in April 2001. The Group recorded profit attributable to shareholders of HK\$3.8 million (2000: HK\$23.7 million).

The Directors do not recommend the payment of an interim dividend (2000: HK\$0.2 cent per share).

## Operational Review

### *The Empire Hotel, Hong Kong*

During the period, Empire Hotel in Hong Kong managed to increase its average room rates marginally while occupancy levels fell slightly from 88% in 2000 to 85% in 2001. Overall, the contribution from this hotel was fairly stable.

### *The Empire Landmark Hotel, Vancouver*

The Empire Landmark Hotel in Vancouver saw a 5% decrease in average rate but was able to increase its occupancy level slightly from 78% to 80%. However, tourism industry and hotel business worldwide were dramatically and adversely affected by the incident on 11th September 2001 in New York. In response to this abrupt situation, management has quickly reacted to tighten cost control in order to preserve profitability. Recently, the 21,500 sq.ft. conference centre has been completely let out on a long term basis to bring in stable rental income to the hotel.

### *The Empire Hotel, Kowloon*

We are pleased to report that development of this hotel has been completed, with the occupation permit obtained in April 2001. Management has launched a soft opening in mid September 2001. With its trendy design, this new hotel has been well received by corporate clients and leisure visitors. We expect a strong contribution from this hotel in years to come.

### *JBC Travel*

This long established travel agency was acquired by the Group in April 2001. It is a comprehensive travel solutions provider offering air ticketing (wholesale and retail), business travel, hotel reservation, incentive tour and other customized travel products. The majority of the Company's revenue come from sales of airline tickets. Its addition to the Group will greatly complement our hotel business.

### Human Resources

As a result of the opening of the Empire Kowloon Hotel and the addition of the travel agency, as at 30th September 2001 the Group employed a total of 642 full time employees. Their remuneration package, which commensurate with their job nature and experience level, include basic salary, annual bonus, share option, retirement and other benefits. During the period, no share options were granted.

### Financial Review

Shareholders' funds at 30th September 2001 stood at HK\$1,993 million (March 2001: HK\$1,991 million) or HK\$0.395 (March 2001: HK\$0.394) per share. Total assets amounted to HK\$3.32 billion (March 2001: HK\$3.23 billion). Total borrowings amounted to HK\$1,184 million (March 2001: HK\$1,168 million), giving a gearing ratio (total debt to equity) of 59.4% (March 2001: 58.7%).

As at the end of September 2001, 71% or HK\$840 million (March 2001: HK\$835 million) of the borrowings was repayable over five years. About 16% or HK\$191 million of the borrowings is related to the Empire Landmark Hotel in Canada and is denominated in Canadian Dollar. The rest are all in Hong Kong dollar.

The Group has applied part of the surplus funds to invest in listed securities and corporate bonds. Due to declined market price towards the period end, a net loss of HK\$12 million was recorded in this period.

### Future Prospects

Despite the temporary adverse effect on tourism industry worldwide caused by the 911 event in the USA, the outlook for tourism and hotel business in Hong Kong is still optimistic. The Hong Kong Government has been very supportive to the local tourism industry. The relax of quota for visitors from mainland China, the entry of China into the W.T.O., Macau's liberation of gambling license and the construction of Walt Disney's Theme Park in Hong Kong would all lead to a significant surge of business and leisure travellers coming to Hong Kong and making longer stay. The opening of the new Kowloon Empire Hotel would certainly enable the Group to capture the increase in business volume brought about by all these factors in the years ahead.

## Consolidated Profit and Loss Account

4

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001 - UNAUDITED

Asia Standard Hotel Group Limited

	Note	Six months ended 30th September	
		2001 HK\$'000	2000 HK\$'000
TURNOVER	3	218,675	93,859
COST OF SALES		(157,296)	(34,964)
GROSS PROFIT		61,379	58,895
ADMINISTRATIVE EXPENSES		(32,457)	(29,376)
OTHER CHARGES	4	(5,716)	–
OPERATING PROFIT	5	23,206	29,519
INTEREST INCOME	6	224	2,971
NET INVESTMENT LOSS	7	(11,722)	–
FINANCE COSTS	8	(7,704)	(8,893)
PROFIT BEFORE TAXATION		4,004	23,597
TAXATION (CHARGE) / CREDIT	9	(185)	122
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		3,819	23,719
EARNINGS PER SHARE	10	0.076 cent	0.580 cent

# Consolidated Balance Sheet

AS AT 30TH SEPTEMBER 2001 - UNAUDITED

	Note	30th September 2001 HK\$'000	31st March 2001 HK\$'000
FIXED ASSETS	11	3,116,741	3,026,974
GOODWILL	12	31,819	–
CURRENT ASSETS			
Inventories		2,257	1,992
Other investments		72,450	49,500
Debtors and prepayments	13	39,270	28,540
Tax recoverable		178	178
Bank balances and cash		54,721	125,813
		168,876	206,023
CURRENT LIABILITIES			
Creditors and accruals	14	132,037	60,938
Amounts due to fellow subsidiaries		8,447	12,633
Current portion of long term liabilities	17	30,664	27,976
Tax payable		285	–
		171,433	101,547
NET CURRENT (LIABILITIES)/ASSETS		(2,557)	104,476
		3,146,003	3,131,450
Financed by :			
SHARE CAPITAL	15	101,044	101,044
RESERVES	16	1,892,060	1,890,330
SHAREHOLDERS' FUNDS		1,993,104	1,991,374
LONG TERM LIABILITIES	17	1,152,899	1,140,076
		3,146,003	3,131,450

# Condensed Consolidated Cash Flow Statement

6

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001 - UNAUDITED

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	26,829	28,906
NET CASH OUTFLOW FROM RETURNS ON		
INVESTMENTS AND SERVICING OF FINANCE	(35,471)	(33,548)
HONG KONG PROFITS TAX PAID	–	(77)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(77,496)	(131,287)
NET CASH OUTFLOW BEFORE FINANCING	(86,138)	(136,006)
NET CASH INFLOW FROM FINANCING	16,409	356,447
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(69,729)	220,441
BANK BALANCES AND CASH AT BEGINNING OF PERIOD	125,813	15,452
CHANGES IN EXCHANGE RATES	(1,363)	623
BANK BALANCES AND CASH AT END OF PERIOD	54,721	236,516

# Consolidated Statement of Recognised Gains and Losses

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001 - UNAUDITED

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
EXCHANGE DIFFERENCES ARISING ON TRANSLATION OF ACCOUNTS OF OVERSEAS SUBSIDIARIES	(2,089)	(4,326)
LOSSES NOT RECOGNISED IN THE PROFIT AND LOSS ACCOUNT	(2,089)	(4,326)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	3,819	23,719
TOTAL RECOGNISED GAINS	1,730	19,393



# Notes to the Interim Consolidated Accounts

## 1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the requirements of Statement of Standard Accounting Practice 25 “Interim Financial Reporting” as issued by the Hong Kong Society of Accountants (“HKSA”).

## 2. ACCOUNTING POLICIES

In 2001, the Group adopted the following revised or new Statements of Standard Accounting Practice (“SSAPs”) issued by the HKSA.

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

The effect of adopting these SSAPs is set out below:

- (a) In accordance with the revised SSAP 9, dividends proposed after the balance sheet date are no longer recognised as liability at the balance sheet date. This change in accounting policy has no effect to the interim accounts for the corresponding previous period.
- (b) Goodwill arising on acquisition of subsidiaries occurring on or after 1st April 2001 is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of ten years. Goodwill on acquisitions, which occurred prior to 1st April 2001 was taken directly to reserves. This change in accounting policy has no effect to the interim accounts for the corresponding previous period.

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

### 3. TURNOVER AND CONTRIBUTION TO OPERATING PROFIT

Turnover represents gross revenue from hotel, travel agency operations and management services income.

Analyses of the Group's turnover and contribution to operating profit by each principal activity and principal market are set out below :

	Turnover		Contribution to operating profit	
	Six months ended 30th September		Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
<b>By principal activity</b>				
Hotel				
Room rentals	56,168	59,824		
Food and beverages	20,916	22,525		
Ancillary services	4,195	4,097		
Rental income	1,897	1,783		
	83,176	88,229	32,775	35,291
Sale of air tickets	129,690	–	(1,617)	–
Management services	5,809	5,630	(2,499)	(197)
	218,675	93,859	28,659	35,094
Unallocated corporate expenses			(5,453)	(5,575)
Operating profit			23,206	29,519

## Notes to the Interim Consolidated Accounts

### 3. TURNOVER AND CONTRIBUTION TO OPERATING PROFIT (Continued)

	Turnover		Contribution to operating profit	
	Six months ended 30th September		Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
<b>By principal market</b>				
Hong Kong	169,266	41,177	6,724	12,333
Canada	49,409	52,682	21,935	22,761
	<b>218,675</b>	<b>93,859</b>	<b>28,659</b>	<b>35,094</b>
Unallocated corporate expenses			(5,453)	(5,575)
Operating profit			<b>23,206</b>	<b>29,519</b>

### 4. OTHER CHARGES

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Pre-opening expenses of Empire Kowloon Hotel	4,041	–
Amortisation of goodwill	1,675	–
	<b>5,716</b>	<b>–</b>

### 5. OPERATING PROFIT

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Operating profit is stated after charging the following :		
Staff costs	32,189	26,398
Depreciation	407	290
Amortisation of goodwill	1,675	–
Operating lease rental for land and buildings	1,459	1,113

**6. INTEREST INCOME**

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Interest income from bank deposits	224	2,971

**7. NET INVESTMENT LOSS**

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Profit on sale of other investment	22,405	-
Unrealised loss on other investment	(35,955)	-
Dividend income from listed investment	670	-
Interest income from unlisted investment	1,158	-
	(11,722)	-

**8. FINANCE COSTS**

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Interest expense		
Bank loans and overdrafts	38,081	36,427
Amount due to a fellow subsidiary	-	17,912
Finance lease obligations not wholly payable within five years	17	18
Other incidental borrowing costs	24	74
	38,122	54,431
Amount capitalised in cost of hotel property under development	(30,418)	(45,538)
	7,704	8,893

## Notes to the Interim Consolidated Accounts

### 9. TAXATION (CHARGE) / CREDIT

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Hong Kong profits tax		
Current year provision	(185)	(148)
Overprovision in prior year	–	270
	<u>(185)</u>	<u>122</u>

Hong Kong profits tax is calculated at 16% (30th September 2000 : 16%) on the estimated assessable profit for the period. No provision for overseas taxation has been made as there are sufficient tax losses brought forward to offset the overseas assessable profits for the period.

### 10. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$3,819,000 (30th September 2000: HK\$23,719,000) and on the weighted average 5,052,212,539 (30th September 2000: 4,106,557,377) shares in issue during the period.

Of the 1,000,000,000 warrants issued in September 2000, a total of 999,988,104 warrants were cancelled upon expiry on 8th October 2001. Accordingly, diluted earnings per share is not presented as its inclusion would not be meaningful.

### 11. FIXED ASSETS

For the six months ended 30th September 2001, the Group incurred HK\$38 million on hotel property under development which included HK\$30.4 million finance cost capitalised.

### 12. GOODWILL

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

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

### 13. DEBTORS AND PREPAYMENTS

An ageing analysis of trade receivables, which are included in debtors and prepayments, is as follows:

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
0 day to 60 days	19,450	5,704
61 days to 120 days	1,224	507
More than 120 days	1,779	2,277
	<b>22,453</b>	<b>8,488</b>

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 receivables, credit evaluations of customers are performed periodically.

### 14. CREDITORS AND ACCRUALS

An ageing analysis of trade payables, which are included in creditors and accruals, is as follows:

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
0 day to 60 days	22,690	6,513
61 days to 120 days	1,649	3,364
More than 120 days	6,217	127
	<b>30,556</b>	<b>10,004</b>

## Notes to the Interim Consolidated Accounts

### 15. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Authorised (Ordinary shares of HK\$0.02 each):</b>		
At 30th September 2001 and 31st March 2001	<b>25,000,000,000</b>	<b>500,000</b>

	Number of shares	HK\$'000
<b>Issued and fully paid (Ordinary shares of HK\$0.02 each):</b>		
At 31st March 2001	5,052,212,433	101,044
Exercise of warrants	2,148	–
At 30th September 2001	<b>5,052,214,581</b>	<b>101,044</b>

At 30th September 2001, there were 999,992,204 warrants outstanding. Each warrant entitles its holder to subscribe for fully paid shares of the Company at an initial subscription price of HK\$0.24 per share, subject to adjustment, up to 8th October 2001. During the period and after the period end, a total of 2,148 and 4,100 shares, respectively, were issued upon the exercise of warrants. The remaining 999,988,104 unexercised warrants lapsed upon expiry on 8th October 2001.

### 16. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2001	299,783	899,333	469,018	(12,073)	234,269	1,890,330
Translation difference	–	–	(1,597)	(492)	–	(2,089)
Profit for the period retained	–	–	–	–	3,819	3,819
<b>At 30th September 2001</b>	<b>299,783</b>	<b>899,333</b>	<b>467,421</b>	<b>(12,565)</b>	<b>238,088</b>	<b>1,892,060</b>

**17. LONG TERM LIABILITIES**

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Bank loans, secured		
Repayable within one year	30,623	27,934
Repayable within one to two years	46,622	44,680
Repayable within two to five years	265,868	260,040
Repayable after five years	840,080	835,006
	<b>1,183,193</b>	1,167,660
Obligations under a finance lease not wholly repayable within five years	370	392
	<b>1,183,563</b>	1,168,052
Current portion included in current liabilities	<b>(30,664)</b>	(27,976)
	<b>1,152,899</b>	1,140,076

The aggregate net book value of fixed assets pledged as securities for loans of the Group amounts to HK\$3,115,399,998 (31st March 2001 : HK\$3,025,877,000).

**18. COMMITMENTS**

## (a) Capital commitment

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Contracted but not provided for	–	8,979

## (b) Operating leases

Future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Within one year	1,360	2,218
In the second to fifth years inclusive	633	438
	<b>1,993</b>	2,656



## Notes to the Interim Consolidated Accounts

### 19. RELATED PARTY TRANSACTIONS

The following is a summary of the significant related party transactions during the period:

	Six months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
(i) Rental expense for land and buildings to fellow subsidiaries	(1,304)	(1,050)
(ii) Interest expense to a fellow subsidiary	–	(17,912)
(iii) Hotel revenue from intermediate holding company and a fellow subsidiary	55	142
(iv) Management services income from fellow subsidiaries	1,979	1,818
(v) Property development cost to a fellow subsidiary	4,333	36,000

*Notes :*

- (i) Rental expense is subject to terms agreed by the parties involved, which is at a monthly fixed fee.
- (ii) Interest expense was calculated at a fixed rate of 9.15% per annum and changed to 1.5% above prime rate with effect from 25th July 2000.
- (iii) Hotel revenue is charged at prices and terms no less than those charged to other third party customers.
- (iv) Management services income, including repair and maintenance, cleaning, property management and administration, are subject to terms agreed by the parties involved, which are at fixed fees.
- (v) Property development cost is payable in accordance with the terms of the construction contract and by reference to the stage of completion of the construction work.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY SECURITIES

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

#### a) The Company

##### Interests in shares

Name of director	Number of shares held		Total
	Personal interests	Corporate interests	
Mr. Poon Jing	248,937	3,699,148,774	3,699,397,711

##### Interests in warrants

Name of director	Number of warrants held		Total
	Personal interests	Corporate interests	
Mr. Poon Jing	49,248	731,814,267	731,863,515

In addition, by virtue of his interest in the Company through Asia Orient Holdings Limited ("Asia Orient") and its subsidiaries as disclosed under the heading "Substantial Shareholders" below, Mr Poon Jing is deemed to be interested in the shares of all of the Company's subsidiaries.

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY SECURITIES (Continued)****b) Associated Corporations****Interests in shares**

	Nature of interest	Number of shares
Asia Orient		
Mr. Poon Jing	Personal	1,490,721,800
	Family	69,826,000
	Corporate	1,900,584,936
Asia Standard International Group Limited		
Mr. Poon Jing (note 1)	Personal	4,445,650
	Corporate	2,196,391,030
Centop Investment Limited (note 2)		
Mr. Poon Jing and Mr. Fung Siu To, Clement	Corporate	20
Mark Honour Limited (note 2)		
Mr. Fung Siu To, Clement	Personal	1

*Notes :*

1. *By virtue of his controlling interest in Asia Orient, Mr. Poon Jing is deemed to be interested in the shares of Asia Standard International Group Limited ("ASI") held by subsidiaries of Asia Orient.*
2. *Subsidiaries of ASI other than the Group.*

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY SECURITIES (Continued)****b) Associated Corporations (Continued)****Interests in share options**

	Nature of interest	Number of options exercised during the period	Exercise price per share	No. of options held as at 30th September 2001
Asia Orient				
Mr. Fung Siu To, Clement	Personal	Nil	HK\$0.3466	15,000,000
Mr. Lim Yin Cheng	Personal	Nil	HK\$0.3466	15,000,000
Mr. Leung King Yin, Kevin	Personal	Nil	HK\$0.3466	15,000,000

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

**Interests in warrants**

Name of director	Name of associated corporation	Number of warrants held		Total
		Personal interests	Corporate interests	
Mr. Poon Jing	ASI	683,999	439,650,816	440,334,815

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

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

### SUBSTANTIAL SHAREHOLDERS

As at 30th September 2001, the register of substantial shareholders maintained pursuant to Section 16(1) of the SDI Ordinance showed that the following parties had interests of 10% or more of the issued share capital of the Company.

	Number of shares
Asia Standard International Limited	3,533,280,394
ASI (note 1)	3,538,335,158
Asia Orient Company Limited (note 2)	3,699,148,774
Asia Orient Holdings (BVI) Limited (note 3)	3,699,148,774
Asia Orient (note 3)	3,699,148,774

#### Notes:

- (1) *Asia Standard International Limited is a wholly-owned subsidiary of ASI and ASI is deemed to be interested in and duplicates all the shares held by Asia Standard International Limited.*
- (2) *Asia Orient Company Limited and its subsidiaries together hold more than one-third of the issued shares of ASI and is deemed to be interested in and duplicates the shares held by ASI.*
- (3) *Asia Orient Company Limited is a wholly-owned subsidiary of Asia Orient Holdings (BVI) Limited which in turn is a wholly-owned subsidiary of Asia Orient. Asia Orient Holdings (BVI) Limited and Asia Orient are deemed to be interested in and duplicate the shares held by of Asia Orient Company Limited and its subsidiaries.*
- (4) *Mr. Poon Jing has personal interest in 248,937 shares and by virtue of his interest in Asia Orient, he is deemed to be interested in and duplicates the shares held by Asia Orient.*

**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**

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

**AUDIT COMMITTEE**

The Audit Committee members are Mr. Liang Shangli and Mr. Lee Man Kwong. The principal activities of Audit Committee include the review and supervision of the Group's financial reporting process and internal control.

By Order of the Board

**Poon Jing**

*Chairman*

Hong Kong, 20th December 2001

Recreational Floor  
酒店會所



Empire Kowloon Hotel  
九龍皇悅酒店

Zino Coffee Bar and Lounge  
Zino 咖啡吧廊



Lobby  
大堂



Western Restaurant  
皇悅小廚



Lobby  
大堂