

Asia Standard International Group Limited
Annual Report 2005



Contents

02	Corporate Information
03	Financial Highlights
04	Chairman's Statement
05	Operational and Financial Review
09	Ten-year Financial Summary
10	Principal Properties
14	Corporate Governance Report
17	Directors and Senior Management
20	Report of the Directors
29	Report of the Auditors
30	Consolidated Profit and Loss Account
31	Consolidated Balance Sheet
32	Balance Sheet
33	Consolidated Cash Flow Statement
35	Consolidated Statement of Changes in Equity
36	Notes to the Accounts
72	Pro Forma Combined Balance Sheet of Affiliated Companies
73	Extracts from the Audited Consolidated Accounts of Asia Standard Hotel Group Limited

Corporate Information

Directors

Executive

Mr. Fung Siu To, Clement (*Chairman*)
Mr. Lim Yin Cheng (*Deputy Chairman*)
Mr. Poon Jing (*Managing Director and Chief Executive*)
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Loup, Nicholas James

Non-executive

Mr. Liang Shangli
Mr. Au Yat Chuen, Raymond

Independent Non-executive

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

Audit Committee

Mr. Koon Bok Ming, Alan (*Chairman*)
Mr. Leung Wai Keung, Richard
Mr. Wong Chi Keung

Executive Committee

Mr. Fung Siu To, Clement (*Chairman*)
Mr. Poon Jing
Mr. Lun Pui Kan
Mr. Loup, Nicholas James

Remuneration Committee

Mr. Fung Siu To, Clement (*Chairman*)
Mr. Loup, Nicholas James
Mr. Koon Bok Ming, Alan
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
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

For the year ended 31st March	2005	2004	Change (%)
(HK\$ million, except otherwise indicated)			
Group turnover	705	726	-3
Property sales turnover			
The Group	42	168	-75
Share of jointly controlled entities and associated companies	516	480	+8
Total	558	648	-14
Gross rental income	50	53	-6
Finance costs	93	107	-13
Profit/(loss) attributable to shareholders	202	(142)	N/A
Earnings/(loss) per share (HK cents)			
Basic	4.79	(3.46)	N/A
Diluted	4.68	N/A	N/A
Dividends per share (HK cents)			
Interim	0.2	–	N/A
Final	0.4	–	N/A
Total assets	8,036	7,309	+10
Shareholders' funds	4,273	3,468	+23
Shareholders' funds per share (HK\$)	0.84	0.84	–
Net debt	2,225	2,645	-16
Net debt to equity (shareholders' funds plus minority interests)	44%	62%	-29

Chairman's Statement



"Asia Standard will thrive in the lucrative high-end property market for the years to come."

Profit attributable this year to shareholders was HK\$202 million as a result of a strong and persistent revival in property market. Similarly, our hotel business also recorded turnaround results with HK\$569 million turnover and HK\$85 million profit compared with HK\$426 million turnover and HK\$12 million loss last year.

Prospects for the coming year to both property market and hotel business remains optimistic although we have recently witness several interest rates rises.

Scarcity in development sites and shrinking inventory stocks in the property market continue to persist together with other favorable externalities such as declining unemployments, affordability ratio, investor confidences will all but maintain a strong demand for the property sector.

Disney park opening, continuing expanding territories allowed for Mainlanders to Hong Kong, increasing convention activities resulting from a stronger economy and the expansion of gaming industries in Macau will all contribute to another good year for our hotel business.

By Order of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 19th July 2005

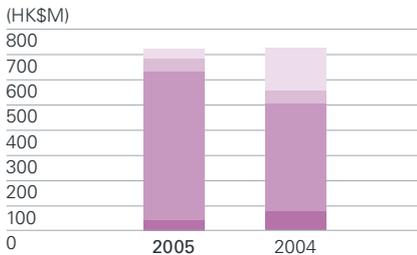
Operational and Financial Review

Grosvenor Place



Turnover

- Property sales
- Property leasing
- Hotel and travel
- Other operations



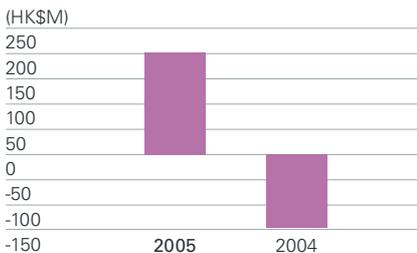
Results

The Group recorded a profit attributable to shareholders of HK\$202 million, turnaround from last year's HK\$142 million loss. Turnover for the year amounted to HK\$705 million, a slight drop from HK\$726 million of last year.

The Directors recommend a final dividend for the year ended 31st March 2005 of HK0.4 cents (2004: Nil) per share to shareholders whose names appear on the Company's Register of Members on 26th August 2005 ("Record Date"), amounting to HK\$20,304,000. The shareholders will be given an option to elect to receive 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 Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the annual general meeting to be held on 26th August 2005; and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five trading days prior to and including the Record Date. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders. New shares certificates will be posted on or about 24th October 2005.

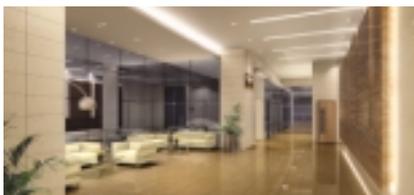
Profit/(loss) attributable to shareholders



Operational and Financial Review



Lei Yue Mun residential project



Gross floor area is approximately 195,000 sq.ft. and Grosvenor participates in 50% of this development. In aggregate, the Group has over 1.1 million sq.ft. gross floor area of properties under development.

Land premium of HK\$219 million were paid during the year, and negotiations for another 2 sites for residential development at Aberdeen and Hung Shui Kiu totalling approximately 750,000 sq.ft. gross floor area continue.

Leasing

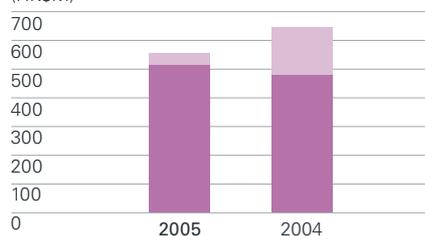
Rental income attributed to the Group for the year was approximately HK\$60 million, a slight drop of 8% from previous year. This is mainly due to continuing sales of inventory in retail portfolio. Average occupancies remains at 89%. After the financial year end, the Group sold 2 office floors of about 22,000 sq.ft. at 28 Marble Road.

At present, the Group has about 440,000 sq.ft. office and retail portfolio. About 30% of the tenancies is due to renew in the coming financial year. We expect that the renewal will, in light of the current trend, bring up the rental income despite of inventory clearing.

Property sales

- Subsidiaries
- Jointly controlled entities and associated companies

(HK\$M)



Properties sales and development

Development properties sold this year including joint ventures projects was HK\$562 million as compared with HK\$627 million last year.

Standout from this year is the sale of a luxurious residential development together with Grosvenor and Ayala Group while the remaining sales for the year represent disposal of inventory properties.

In the coming year, the Group will be launching two residential developments which, when completely sold, will generate HK\$1.1 billion. A 190,000 sq.ft. gross floor area sea-view residential development in Kowloon, facing Lei Yue Mun, a landmark tourist destination will be launched before September. Another low-rise residential development of 43,000 sq.ft. gross floor area alongside the light rail in New Territories is expected to follow towards beginning of 2006.

During the year, the Group acquired a residential development site in Castle Peak Road, Ting Kau for a total consideration of HK\$261 million.

The Empire Hotel, Kowloon



Hotel

Hotel group's performance is very exciting compared with last year. It achieved a HK\$569 million (34% increase) turnover and HK\$85 million profit compared with HK\$426 million turnover and HK\$12 million loss last year.

Visitors' arrivals reached a record high of 21.8 million for the year to December 2004, 40% higher than 2003. Hong Kong based hotels in the Group achieved a combined occupancy of 86% against 66% of last year and average room rate also recorded a 30% growth from last year.

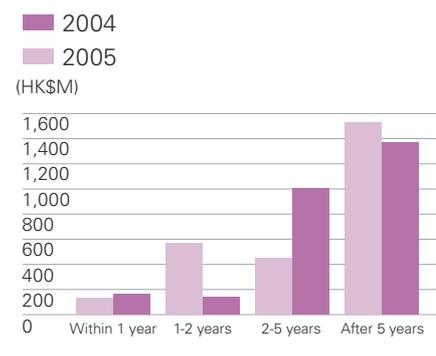
Guest room renovation is being carried out in the Empire Hotel, Hong Kong and is expected to be finished before Disney Park opening in September.

Our Canadian hotel in Vancouver also show improvement with its turnover increased by 14%.

Financial review

At 31st March 2005, the Group's total assets stood at HK\$8 billion (2004: HK\$7.3 billion), and the net assets amounted to HK\$4.3 billion (2004: HK\$3.5 billion). The increase in HK\$0.8 billion net asset was firstly due to strengthening of the Company's capital base through the HK\$360 million placement of new shares. Secondly, with the improving hotel and property market, the Group's asset appreciated with an attributable HK\$237 million surplus credited to revaluation reserve in respect of hotel and investment properties. Thirdly, the Group achieved a HK\$202 million profit attributable to shareholders.

Debts maturity profile



The net borrowing was reduced substantially to HK\$2.2 billion (2004: HK\$2.6 billion) of which HK\$1.2 billion (2004: HK\$1.3 billion) belonged to the separately listed hotel group. Net debt to equity ratio (including minority interests) was significantly reduced to 44% (2004: 62%).

Operational and Financial Review

All our Group's borrowings are in Hong Kong dollar except the Empire Landmark Hotel in Vancouver which is denominated in Canadian dollar. Of the total borrowings, 5% were repayable within one year and repayment of the remaining portion is spread over twelve years.

Except for the HK\$290 million convertible bonds, all the debts were at floating rates. The continuing low interest rate, coupled with the decrease in borrowing level, led to a 13% reduction in finance cost over last year. Interest cover is 4.0 times.

As at 31st March 2005, assets with an aggregated net book value of HK\$6,606 million (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 was HK\$159 million (2004: HK\$246 million).

New accounting policies

The Group will adopt the new and revised financial reporting and accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the 2005/06 financial year. The resulting changes in accounting policies have no impact on the Group's cash flows. However, these changes will affect the Group's results and net assets in the following areas:

1. Revaluation movements of investment properties will be recorded in the profit and loss account, instead of the revaluation reserve.
2. Deferred tax has to be provided on revaluation surplus of investment properties, notwithstanding that there is no capital gain tax applicable to Hong Kong.
3. Owner-operated hotel properties and self-occupied buildings will be stated at cost less accumulated depreciation and any provision for impairment with annual depreciation charged to the profit and loss account. Currently they are stated at open market values.
4. Leasehold land on which these properties are situated will be reclassified as a separate class of non-current assets and stated at cost less accumulated amortisation with annual amortisation charged to the profit and loss account.
5. The Group's convertible bonds will be split between liability component and equity component.
6. Stage completion method will no longer be used to recognise revenue from presale of development properties, instead revenue will be recognised upon completion of those properties.
7. Share options granted are to be expensed over the vesting period.

Employees and remuneration policies

As at 31st March 2005, the Group employed 395 employees and approximate 90% worked 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. Options to acquire a total of 165,000,000 shares have been granted to the Company's employees at an exercise price of HK\$0.325 per share.

Ten-year Financial Summary

Year ended 31st March	2005 HK\$M	2004 HK\$M	2003 HK\$M	2002 HK\$M	2001 HK\$M	2000 HK\$M	1999 HK\$M	1998 HK\$M	1997 HK\$M	1996 HK\$M
Results										
Turnover	705	726	1,057	839	673	1,401	1,073	2,885	1,200	517
Profit/(loss) attributable to shareholders	202	(142)	(277)	(481)	(358)	(270)	9	579	391	88
Assets and Liabilities										
Total assets	8,036	7,309	7,323	8,464	9,254	9,044	9,830	10,215	10,462	7,922
Total liabilities	(3,027)	(3,169)	(3,251)	(3,604)	(3,616)	(3,627)	(4,286)	(3,538)	(3,694)	(3,302)
Minority interests	(736)	(672)	(638)	(716)	(1,034)	(448)	(456)	(475)	(373)	(354)
Shareholders' funds	4,273	3,468	3,434	4,144	4,604	4,969	5,088	6,202	6,395	4,266

Notes:

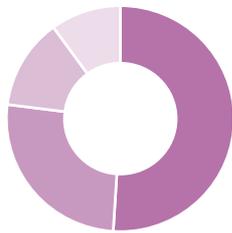
Over the past ten years, the Group has changed some of its accounting policies following changes in the accounting standards in Hong Kong. However, certain prior year figures have not been restated as explained below since the Director consider that this would involve undue delay and expense.

1. The revised Statement of Standard Accounting Practice ("SSAP") 12 "Income taxes" which changed the basis of recognition of deferred tax assets and liabilities was adopted in 2004 with the 2003 figures restated according to the changed standard. The figures prior to 2003 have not been restated.
2. SSAP 24 "Accounting for investment in securities" which requires other investments to be stated at fair value, as well as the Interpretation No. 9 to revise SSAP 1 which required pre-operating expenses to be expensed rather than to be deferred and amortised, were adopted since 2000 with the 1999 comparative figures restated accordingly. The figures prior to 1999 have not been restated.
3. The revised SSAP 9 "Events after the balance sheet date" which requires final dividend to be accounted for after shareholders' approval was adopted since 2001 with the 2000 to 1998 comparative figures restated according to the changed standard. The comparative figures prior to 1998 have not been restated.

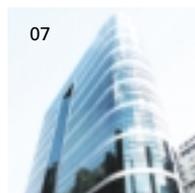
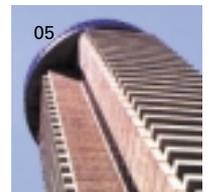
Principal Properties

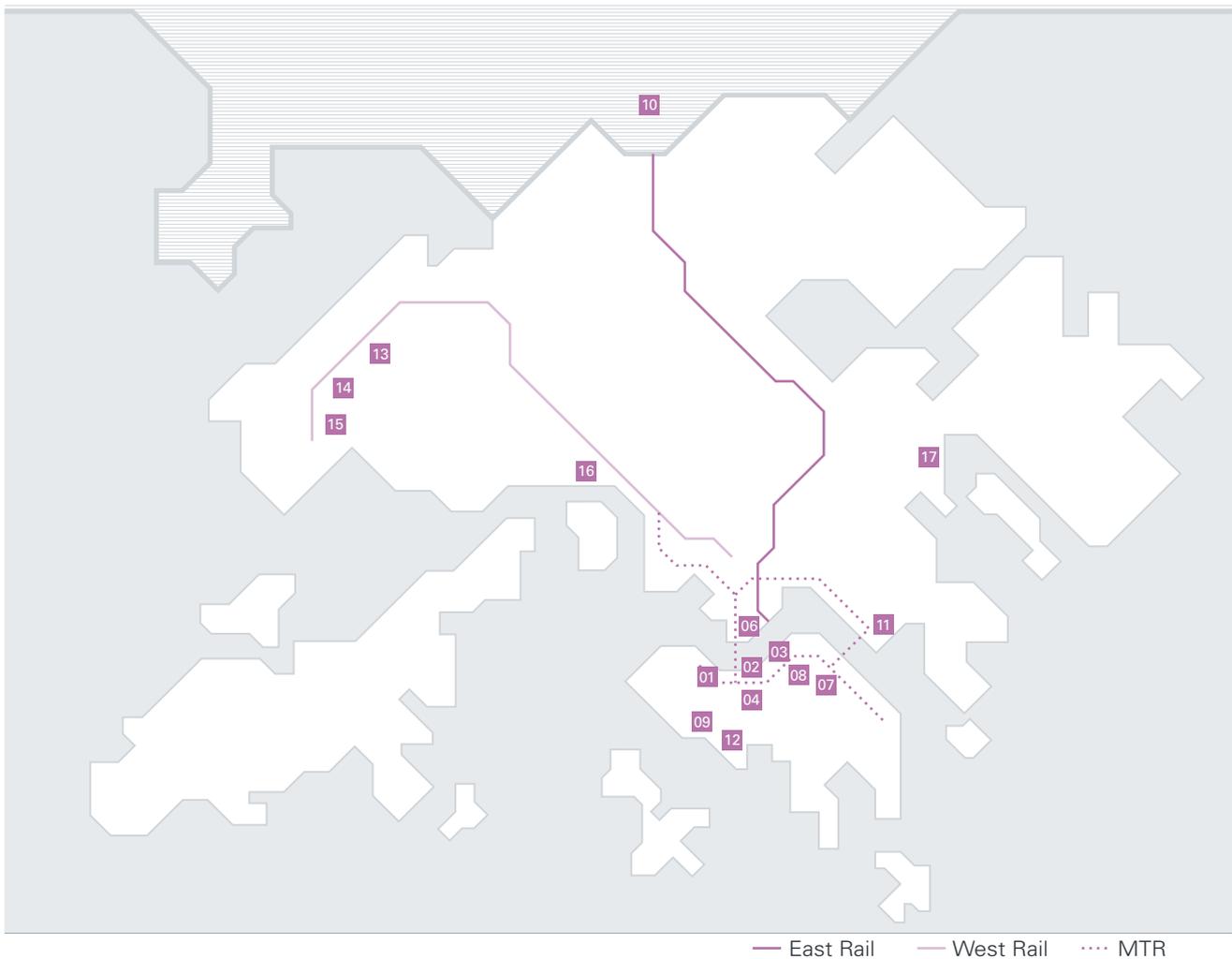
As at 31st March 2005

- Properties held for/under development for sale (51%)
- Hotel properties (26%)
- Investment properties (13%)
- Completed properties held for sale (10%)



	Attributed GFA (sq. ft.)
Properties held for/under development for sale	1,119,000
Hotel properties	577,000
Investment properties	282,000
Completed properties held for sale	218,000
Total	2,196,000





Our properties

01 Asia Standard Tower

02 Asia Orient Tower

03 Goldmark

04 Empire Hotel

05 Empire Landmark Hotel, Vancouver

06 Empire Hotel Kowloon

07 28 Marble Road

08 8 Wing Hing Street

09 Bayshore Apartments

10 Oriental Garden

11 Lei Yue Mun

12 238-242 Aberdeen Main Road

13 Ping Shan

14 Hung Shui Kiu

15 Lam Tei

16 Castle Peak Road

17 Sha Ha

Principal Properties

As at 31st March 2005

Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
I Investment properties				
01 Asia Standard Tower 59-65 Queen's Road Central, Hong Kong.	100%	7,800	133,000	Commercial
02 Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong.	100%	7,300	114,000	Commercial
03 Goldmark 502 Hennessy Road, Causeway Bay, Hong Kong.	33%	6,300	106,000	Commercial
II Hotel properties				
04 Empire Hotel 33 Hennessy Road, Wanchai, Hong Kong.	70.04%	10,600	184,000 (360 rooms)	Hotel
05 Empire Landmark Hotel 1400 Robson Street, Vancouver B.C., Canada.	70.04%	41,000	420,000 (358 rooms)	Hotel
06 Empire Hotel Kowloon 62 Kimberley Road, Tsimshatsui, Kowloon.	70.04%	11,400	220,000 (315 rooms)	Hotel
Properties		Group's interest	Approx. gross floor area (sq. ft.)	Type
III Completed properties held for sale				
Hong Kong				
07 Portion of office floors at 28 Marble Road, North Point, Hong Kong.		80%	76,000	Commercial
08 8 Wing Hing Street, Causeway Bay, Hong Kong.		100%	108,000	Commercial
09 Bayshore Apartments 244 Aberdeen Main Road, Hong Kong.		90%	10,000	Residential
PRC				
10 Oriental Garden Nos. H212-28 Dong Feng Fang, Luo Hu District, Shenzhen, PRC.		26.32%	154,000	Commercial/ Residential

Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type	Stage and estimated date of completion
IV Properties held for/under development for sale					
11 8 Shung Shun Street, Lei Yue Mun, (previously known as 19 Sze Shan Street, Yau Tong), Kowloon.	100%	26,500	190,000	Commercial/ Residential	Superstructure (2006)
12 238-242 Aberdeen Main Road, Hong Kong.	100%	16,200	150,000	Commercial/ Residential	Foundation (2006)
13 Ping Shan, Yuen Long, New Territories.	100%	35,400	43,000	Residential	Foundation (2006)
14 Hung Shui Kiu, Yuen Long, New Territories.	80%	94,000	595,000	Commercial/ Residential	Planning (2008)
15 Lam Tei, Tuen Mun, New Territories.	100%	19,700	79,000	Commercial/ Residential	Planning (2008)
16 Castle Peak Road, Yau Kam Tau, New Territories.	50%	74,000	195,000	Residential	Planning (2008)
17 Sha Ha, Sai Kung, New Territories.	7.5%	508,300	1,118,000	Residential	Planning (2009)

Corporate Governance Report

Corporate governance practices

The Company is committed to raise its corporate governance standards by emphasising transparency, independence, accountability, responsibility and fairness. The Company exercises corporate governance through the Board of Directors ("Board") and various Committees. During the year, the Company has taken a series of steps to promote the level of corporate governance including the appointment of additional Independent Non-executive Directors, establishment of Remuneration and Executive Committees.

Board of Directors

The Board consists of six Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The posts of Chairman and Chief Executive are separate and are not held by the same individual. The Chairman is responsible for overseeing the functioning of the Board and the strategies and policies of the Group. The Chief Executive and the Managing Director, is responsible for managing the Group's business. The relationship of the Directors are disclosed in the biography of Directors set out in the Directors and Senior Management section.

According to the Bye-laws of the Company, at every annual general meeting of the Company, one-third of the Directors (other than the Chairman and the Managing Director) for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding one-third, shall retire from office by rotation. A retiring Director shall be eligible for re-election at the meeting. The Non-executive Directors and Independent Non-executive Directors are not appointed for a specific term but are subject to rotation in accordance with the Bye-laws of the Company.

The Board meets quarterly and is responsible for the formulation and reviewing of long-term business directions and strategies, to monitor the operating and financial performance of the Group. It also consider and approve future strategic plans and budgets for the Group. The management is delegated with the authority to make decisions on daily operations.

Audit Committee

The Company has established the Audit Committee since December 1999. The Committee members currently comprises all the Independent Non-executive Directors, Mr. Koon Book Ming, Alan (as the Chairman), Mr. Wong Chi Keung and Mr. Leung Wai Keung, Richard. The terms of reference adopted by the Audit Committee are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The Audit Committee meets at least twice a year for review of the audited annual accounts and the unaudited interim accounts. The principal duties of the Audit Committee include the review of the Company's financial reporting, the recommendation by the auditors on the issues of internal control and compliance and financial risk management. During the year, the Committee met twice and all the members had attended the meetings.

The Audit Committee has reviewed the audited results for the year ended 31st March 2005.

Remuneration Committee

The Company established a Remuneration Committee in July 2004. The Committee currently comprises the Chairman, an Executive Director Mr. Nicholas James Loup, and all the three Independent Non-executive Directors. The duties of the Committee includes making recommendations to the Board on the remuneration policy and structure of the Directors and senior management, approving the remuneration, determining the remuneration packages of all Executive Directors and senior management and approving the compensation to Directors and senior management on termination or dismissal. The remuneration packages including basic salary, annual bonus, retirement and other benefit such as share options are commensurate with their job nature and experience level.

Executive Committee

In order to manage the business in a more effective and efficient way, an Executive Committee comprising the Chairman, the Chief Executive, the Finance Director and an Executive Director Mr. Nicholas James Loup, was established in 2005. The Committee meets once a month to review, monitor and make recommendations on strategies, policies and corporate actions as delegated by the Board.

Corporate Governance Report

Code of conduct

The Group has adopted its own Code for Securities Transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code (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.

Code of best practice and code on corporate governance practice

During the year, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. In January 2005, the Code of Best Practice was replaced by the Code on Corporate Governance Practice. The Company has taken appropriate actions to comply with the Code on Corporate Governance Practice including setting up Remuneration, Audit and Executive Committees and holding of board meetings at least once a quarter.

Auditors' remuneration

PricewaterhouseCoopers has been appointed as the auditors of the Company by the shareholders at the annual general meeting. The services provided by PricewaterhouseCoopers include audit, taxation related and other services. An amount of HK\$2,842,000 was charged to the 2004/2005 financial statement of the Group for their statutory audit services. During the year, PricewaterhouseCoopers provided additional audit services for certain notifiable transactions of Asia Orient Holdings Limited, the then holding company, and shared by the Group, at service fees of HK\$1,621,000. Taxation services, review on interim results and other services provided by PricewaterhouseCoopers to the Group amounted to HK\$654,000.

Investor relationship

The Group aims to provide its shareholders and investors with high level of transparency. During the year, the Executive Directors had numerous meetings with local and institutional investors and analysts and roadshows overseas. In order to promote investor relationship and communications, the Group will have meetings with the media and investment community when the interim and final results are announced. The Board is committed to providing clear and full performance information of the Group to shareholders and the public through the publication of interim and annual reports, announcements, circulars and press releases.

The Company has also maintained a website at <http://www.asiastandard.com.hk> which enables shareholders, investors and public to access to the information of the Company on a timely basis.

Directors and Senior Management

Executive Directors



FUNG Siu To, Clement

Age 57. Chairman of the Company and Asia Orient Holdings Limited ("Asia Orient"). He is also an Executive Director of its listed subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel") and a related company, Q9 Technology Holdings Limited ("Q9"). Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree. He joined the Company and its subsidiaries (together the "Group") in 1988 and has over 20 years of experience in project management and construction. He is the brother-in-law of Mr. Poon Jing, Managing Director.



LIM Yin Cheng

Age 60. Deputy Chairman of the Company and Asia Orient, Deputy Chairman and Chief Executive of Asia Standard Hotel, Executive Director and Chief Executive Officer of Q9. Mr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 25 years of experience in engineering, project management and administration. He joined the Group in 1992. He is the brother-in-law of Mr. Poon Jing, Managing Director.



POON Jing

Age 50. Chief Executive and Managing Director of the Company and Asia Orient, Chairman of Asia Standard Hotel. He is the founder of the Group. Mr. Poon is an Independent Non-executive Director of GZI Transport Limited. He is the brother-in-law of Mr. Fung Siu To, Clement and Mr. Lim Yin Cheng, the Chairman and Deputy Chairman respectively.

Directors and Senior Management



LUN Pui Kan

Age 42. Finance Director of the Company and Asia Orient and Executive Director of Q9. Mr. Lun has over 15 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of The Association of Chartered Certified Accountants ("ACCA"). He joined the Group in 1994.



KWAN Po Lam, Phileas

Age 47. Executive Director of the Company, Asia Orient and Q9. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1986 and is responsible for property sales and leasing. He has over 20 years of experience in property sales, leasing and real estate management.



LOUP, Nicholas James

Age 45. Director of the Company. Mr. Loup is Managing Director of Grosvenor Limited, Hong Kong, responsible for Grosvenor's investments in Asia, where they are active in Hong Kong/China, Tokyo and Singapore. He is also a Director of Hermill Investments Pte Limited in Singapore. Prior to rejoining Grosvenor in 1994, Mr. Loup has been a Director of Trafalgar House Property with responsibilities in the UK and Continental Europe. He joined the Group in August 1999.

Non-executive Directors

LIANG Shangli

Age 84. Mr. Liang is the founder and Chairman of Bai Hui Group Company Limited, a property development company in the PRC. Prior to establishing Bai Hui Group Company Limited in 1992, Mr. Liang worked for the Guangzhou Investment Group, a property development company in the PRC, as a chairman for over 10 years. He was a Standing Committee Member of the Chinese People's Political Congress Committee, the PRC and is the Vice-Chairman of the National Industrial and Commercial Association of the PRC and Non-executive Director of Asia Standard Hotel. He joined the Group in 2003.

AU Yat Chuen, Raymond

Age 59. Mr. Au is an associate member of the Institute of Chartered Accountants in Australia and an associate member of the Institute of Chartered Secretaries and Administrators ("ICSA"). Between 1979 and 1984, he has held senior financial positions in several major listed property companies. Since 1984, he has been in full time private practice as a certified public accountant. He joined the Group in 1991.

Independent Non-executive Directors

WONG Chi Keung

Age 50. A member of Audit Committee of the Company. Mr. Wong holds a master's degree in business administration from the University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; an associate member of ICSA and The Chartered Institute of Management Accountants.

Mr. Wong was an Executive Director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited, which is a listed company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), for over ten years. He is the Managing Director of two companies which engaged in corporate consultancy services. He is also an Independent Non-executive Director and a member of the audit committee of Asia Orient, Century City International Holdings Limited, China Special Steel Holdings Company Limited, China Treasure (Greater China) Investments Limited, FU JI Food and Catering Services Holdings Limited, Great Wall Automobile Holding Company Limited, International Entertainment Corporation, PacMOS Technology Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited and TPV Technology Limited, all of these companies are listed on the Stock Exchange. Mr. Wong has over 29 years of experience in finance, accounting and management. He joined the Group in 2004.

KOON Bok Ming, Alan

Age 63. A member of Audit Committee of the Company. Mr. Koon is the CEO of a financial advisory firm and has over 30 years experience in international banking and finance. He holds a bachelor's degree in economics and a master's degree in business administration. He joined the Group in 1999.

LEUNG Wai Keung, Richard

Age 42. A member of Audit Committee of the Company. Mr. Leung is currently a Barrister-at-Law. Mr. Leung has about 9 years of experience in accounting and financial management in several firms and thereafter practicing as a barrister for 9 years. He is an Independent Non-executive Director and a member of Audit Committee of Asia Standard Hotel. Mr. Leung is a member of ACCA, ICSA and the Chartered Institute of Arbitrators and admitted to the High Court of Hong Kong as a barrister. He holds a master degree in Accounting and Finance from the University of Lancaster and obtained a bachelor of laws from Manchester Metropolitan University. He joined the Group in 2004.

Senior management

WONG Shu Pui

Age 50. Director and Group General Manager of Asia Standard Hotel since 2000. Mr. Wong is responsible for the management of the Asia Standard Hotel Group's hospitality operations, development of Group's marketing and sales strategy as well as its corporate services. Mr. Wong has almost 30 years' extensive experience in hotel industry for both local and overseas covering the USA and Australia and has held senior positions in a number of major international chain hotels in Hong Kong.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited accounts for the year ended 31st March 2005.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 35 to the accounts.

The activities of the Group are mainly based in Hong Kong. Analyses of the Group's turnover and contribution to operating result by principal activity and by principal market are set out in note 2 to the accounts.

Results and appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 30.

An interim dividend of HK0.2 cent per share was paid to shareholders on 4th February 2005. The Board recommends the payment of a final dividend of HK0.4 cent per share (2004: nil) to shareholder for the year ended 31st March 2005.

Financial summary

A ten-year financial summary of the results and of the assets and liabilities of the Group is set out on page 9.

Fixed assets

Details of the movements in fixed assets of the Group are set out in note 12 to the accounts.

Share capital

Details of the movements in share capital of the Company during the year are set out in note 24 to the accounts.

Reserves

Movement in the reserves of the Group and the Company during the year are set out in note 25 to the accounts.

Principal properties

Details of the principal properties of the Group are set out on pages 10 to 13.

Charitable activities

For many years, the Group has participated various events in helping the needed. Following turnaround of the Group's profitability, our Group has raised the level of charitable donations from last year's HK\$20,000 to HK\$960,000. These include The Community Chest of Hong Kong, HKU Spinal Cord Injury Fund and HK Cancer Fund. The Group received an Award of Merit from the Community Chest. We also encourage our staff to join charity events such as Dress Casual Day and fund raising campaign for the South Asia Tsunami.

Environment protection

The Group has been paying considerable attention to the area of environmental protection. Efforts are made at different stages during the development process to enhance our properties' environmental friendliness. For example, design features such as sun shading devise and tinted glass are incorporated to preserve energy. Building materials are carefully selected to avoid negative environmental impact. Greenery effect is maximised by using natural plantation as architectural features.

Our hotels have also taken various measures in respect of environmental protection in its operation such as reducing the provision of non-reusable guest amenities and adjusting the lighting and air-conditioning levels according to hotel guest consumption pattern.

Directors

The Directors of the Company during the year and at the date of this report were:

Mr. Fung Siu To, Clement
Mr. Lim Yin Cheng
Mr. Poon Jing
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 (appointed on 24th September 2004)
Mr. Wong Chi Keung (appointed on 24th September 2004)

In accordance with Bye-Laws 104, 105 and 110 of the Company's Bye-Laws, one-third of the Directors and the Directors appointed by the Board during the year retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. The Managing Director and the Chairman shall not be subject to retirement by rotation.

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Biographical details of Directors and senior management

Biographical details of Directors and senior management are set out on pages 17 to 19.

Directors' interests in contracts

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangements to purchase shares or debentures

Apart from the share option scheme of the Company as disclosed on page 25 to 26, and that of a subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel"), at no time during the year was the Company, its subsidiaries or its fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors

Directors and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31st March 2005, the interests and short positions of the Directors and Chief Executive 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 Interest	Corporate interest	Total	
Poon Jing	4,445,650	2,055,469,712	2,059,915,362	40.58

* By virtue of his controlling interest (31.45%) in 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.

(b) Subsidiaries

Director	Subsidiary	Number of shares held			Percentage of shares in issue (%)
		Personal interest	Corporate interest	Total	
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

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			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest		
Poon Jing	34,352,396	38,011,695	1,396,520	73,760,611	31.45
Fung Siu To, Clement	3,949,400	–	–	3,949,400	1.68

(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 exercise price of HK\$0.384 per share. These options were fully exercised during the year. The closing price of the shares immediately before the date on which the options were exercised was HK\$0.42 per share. Apart from the forementioned, no option to subscribe for shares of the Company was held by any Directors of the Company at 1st April 2004.

On 30th March 2005, options to subscribe for 20 million shares of the Company were granted to each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Lun Pui Kan, Kwan Po Lam, Phileas, Nicholas James Loup and options to subscribe for 5 million shares of the Company were granted to Mr. Poon Jing, all being Directors of the Company, at exercise price HK\$0.325 per share. These options are exercisable from 30th March 2005 to 29th March 2015. The closing price of the shares immediately before the date on which the options were granted was HK\$0.32 per share. During the year, no option granted to the Directors was exercised, cancelled or lapsed. Each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Lun Pui Kan, Kwan Po Lam, Phileas and Nicholas James Loup has options to subscribe for 20 million shares and Mr. Poon Jing has options to subscribe for 5 million shares of the Company at 31st March 2005.

(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 year, no option was granted to the Directors and no options granted to the Directors was exercised, cancelled or lapsed. Each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Lun Pui Kan and Kwan Po Lam, Phileas has options to subscribe for 1,718,000 shares of Asia Orient at 1st April 2004 and 31st March 2005 respectively.

Save as disclosed above, as at 31st March 2005, none of the Directors or Chief Executive (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.

Report of the Directors

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 31st March 2005, the Company had been notified of the following substantial 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 Executive.

(a) Long positions in shares of the Company

Name	Number of shares	Percentage
Asia Orient (Note 1)	2,055,469,712	40.49
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	2,055,469,712	40.49
Asia Orient Company Limited ("AOCL") (Notes 1 and 3)	2,055,469,712	40.49
Impetus Holdings Limited ("Impetus") (Note 2)	1,092,862,918	21.53
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 4)	975,708,512	19.22
Grosvenor Asset Management Limited (Note 5)	758,530,000	14.94
Grosvenor International S.A. (Note 5)	758,530,000	14.94
Grosvenor Group Limited (Note 5)	758,530,000	14.94
Jeremy Henry Moore Newsum (Note 5)	758,530,000	14.94
Robin Shedden Broadhurst (Note 5)	758,530,000	14.94
Mark Antony Loveday (Note 5)	758,530,000	14.94
Gillian Lucy Newsum (Note 5)	758,530,000	14.94
Penelope Alison Broadhurst (Note 5)	758,530,000	14.94
Mary Elizabeth Loveday (Note 5)	758,530,000	14.94

(b) Long positions in underlying shares of the Company

Convertible bonds

Name	Underlying shares interest of HK\$290,000,000 convertible bonds
Grosvenor Limited (Note 5)	659,090,909
Grosvenor Asset Management Limited (Note 5)	659,090,909
Grosvenor International S.A. (Note 5)	659,090,909
Grosvenor Group Limited (Note 5)	659,090,909
Jeremy Henry Moore Newsum (Note 5)	659,090,909
Robin Shedden Broadhurst (Note 5)	659,090,909
Mark Antony Loveday (Note 5)	659,090,909
Gillian Lucy Newsum (Note 5)	659,090,909
Penelope Alison Broadhurst (Note 5)	659,090,909
Mary Elizabeth Loveday (Note 5)	659,090,909

The convertible bonds can be converted into shares of the Company at conversion price of HK\$0.44 per share at any time between 7th January 2002 to 7th January 2007. During the year, 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 2,055,469,712 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 executive's interests and short positions in shares, underlying shares and debentures" above which he is deemed to have by virtue of his controlling interest (31.45%) in Asia Orient.
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 which is controlled (43.56%) by The Fourth Duke of Westminster 1964 Settlement.

Grosvenor Asset Management Limited owned 758,530,000 shares of the Company. Each of Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited and Grosvenor Group Limited is deemed to be interested in and duplicate the interest in the 758,530,000 shares held by Grosvenor Asset Management Limited. Grosvenor Limited owned HK\$290,000,000 convertible bonds convertible into 659,090,909 shares of the Company. Each of Grosvenor Asset Management Limited, Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited and Grosvenor Group Limited is deemed to be interested in and duplicate the interest in the underlying 659,090,909 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 758,530,000 shares and the underlying 659,090,909 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 758,530,000 shares and the underlying 659,090,909 shares of the Company under the convertible bonds.

Save as disclosed above, as at 31st March 2005, 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.

Share option schemes

Company

1. *Share option scheme adopted on 23rd December 1991 ("Old Option Scheme")*

The Old Option Scheme of the Company expired on 22nd January 2002. All outstanding options to subscribe for 1,750,000 shares of the Company were exercised during the year. The options were exercised in accordance with the terms of the Old Option Scheme.

Report of the Directors

2. *Share option scheme adopted on 27th August 2004 ("New Option Scheme")*

Pursuant to an ordinary resolution passed at the Annual General Meeting of the Company held on 27th August 2004, the Company adopted the New 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. The purpose was to provide incentives, acknowledge the contributions of, motivate and maintain relationship with the eligible participants.

The total number of shares which may be issued upon exercise of all options to be granted under the New Option Scheme must not exceed 410,924,999 shares, representing about 8.1% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the New Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under the New Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the shares in issue from time to time.

There was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the Directors. The exercise period should be any period determined by the board of Directors but in any event the exercise period should not later than 10 years from the date of grant. The grantee must accept an option within 21 days from the date of offer by making a non-refundable payment of HK\$1 to the Company.

The subscription price shall be at the discretion of the board of Directors provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The New Option Scheme is effective for 10 years from 27th August 2004.

The options granted are not recognised in the financial statements until they are exercised. Valuation of share options would require the application of different option pricing models. These models have various limitations and involve the use of different assumptions. As a result, such valuation contains a lot of uncertainty and subjectivity. Therefore, the Directors considered that the value so calculated would not be meaningful and may be misleading to the shareholders. Consequently, the value of options granted are not disclosed.

The following table discloses details of the Company's options granted under the New Option Scheme held by employees (including Directors):

Grantee	Outstanding as at 1st April 2004	Outstanding as at 31st March 2005
Directors	–	105,000,000
Other employees	–	60,000,000

Notes:

- The options were granted on 30th March 2005 and exercisable from 30th March 2005 to 29th March 2015 at an exercise price of HK\$0.325 per share.
- The closing price of the shares immediately before the date of grant of such options was HK\$0.32 per share.
- No option was cancelled, lapsed nor exercised during the year.

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. The share option scheme was designed to provide incentive to employees of Asia Standard Hotel and its subsidiaries and will remain in force for a period of ten years commencing on 24th May 2000. The maximum number of shares in respect of options may be granted under the share option scheme may not exceed 10% of the issued share capital of Asia Standard Hotel in issue from time to time. The maximum entitlement of each participant is 25% of the aggregated number of shares issued or issuable under the share option scheme. The grantee has to pay HK\$1 to Asia Standard Hotel for acceptance of each option within 28 days from the date of letter by which the option is granted. No option shall be exercised later than 10 years from the date of grant. The exercise price was the higher of (a) the nominal amount of a share; and (b) not less than 80% of the average of the closing price of a share on the Stock Exchange of each of the five trading days immediately preceding the date of the offer of any option.

In accordance with Chapter 17 (Share Scheme) of the Listing Rules (the “Chapter”), with effect from 1st September 2001, the listed issuers could grant further share options under their existing schemes subject to compliance with the requirements of the Chapter. According to the Chapter, Asia Standard Hotel may grant options to subscribe a maximum of 500,000,000 shares (representing about 9.9% of the shares in issue at the date of this report) at exercise prices of at least the higher of the closing price of the shares on the date of grant; the average closing price of the shares for the 5 business days immediately preceding the date of grant; and the nominal value of a share. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant or any other share option scheme within any 12 months period, must not exceed 1% of the shares in issue from time to time.

No option has been granted under the share option scheme.

Purchase, sale or redemption of listed securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Pre-emptive rights

No pre-emptive rights exist in Bermuda in respect of the Company's share capital.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major customers and suppliers

The percentages of the Group's purchases and sales for the year attributable to major suppliers and customers were as follows:

Percentage of purchases attributable to the Group's largest supplier	22.9%
Percentage of purchases attributable to the Group's five largest suppliers	45.7%
Percentage of sales attributable to the Group's largest customer	2.3%
Percentage of sales attributable to the Group's five largest customers	8.9%

None of the Directors, their associates or shareholders, which to the knowledge of the Directors, held any interests in the share capital of the suppliers or customers noted above.

Report of the Directors

Connected transaction

1. On 8th December 2004, the Group's equity interest of a wholly owned subsidiary, Viewell Investments Limited ("Viewell"), was sold to Grosvenor Asset Management Limited ("GAML"). GAML is a connected party by virtue of it being a substantial shareholder of the Group. Total consideration paid by GAML for the shares and loan assignment was HK\$71,514,000. The sole business of Viewell is to hold an indirect interest in a property development in Yau Kam Tau.

The Group subsequently entered into a shareholder's agreement with GAML to jointly redevelop Yau Kam Tau project. Both parties will make proportionate shareholder's loan and will act as guarantors to banking facilities in proportion to their shareholding interests for the redevelopment of the site.

2. On 15th March 2005, the Group issued 145,000,000 shares at HK\$0.38 per share for subscription by GAML. GAML is a connected party by virtue of it being a substantial shareholder of the Group. Total consideration received in this transaction was HK\$55,100,000. The consideration received will be used to repay bank borrowing and pay land premium for the Group's existing residential property projects in Hong Kong.

Independent Non-executive Directors

Confirmation of independence has been received from each of the Independent Non-executive Directors of the Company and the Company considers all existing Independent Non-executive Directors are independent.

Pro forma combined balance sheet of affiliated companies

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 shown on page 72 pursuant to Chapter 13 of the Listing Rules.

Auditors

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 19th July 2005

Report of the Auditors

**To the shareholders of
Asia Standard International Group Limited**

(incorporated in Bermuda with limited liability)

We have audited the accounts on pages 30 to 71 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's Directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31st March 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PRICEWATERHOUSECOOPERS

Certified Public Accountants

Hong Kong, 19th July 2005

Consolidated Profit and Loss Account

For the year ended 31st March 2005

	<i>Note</i>	2005 HK\$'000	2004 HK\$'000
Turnover	2	705,297	725,658
Cost of sales		(479,741)	(543,683)
Gross profit		225,556	181,975
Administrative expenses		(118,779)	(116,123)
Other income/(charges)	3	59,294	(94,979)
Operating profit/(loss)	4	166,071	(29,127)
Finance costs	5	(93,141)	(106,785)
Share of profits less losses of			
Jointly controlled entities		200,850	(3,189)
Associated companies		2,868	(11,549)
Profit/(loss) before taxation		276,648	(150,650)
Taxation (charge)/credit	8	(50,120)	2,310
Profit/(loss) after taxation		226,528	(148,340)
Minority interests		(24,487)	6,338
Profit/(loss) attributable to shareholders	9	202,041	(142,002)
Dividends	10	28,526	–
Earnings/(loss) per share			
Basic	11	4.79 cents	(3.46) cents
Diluted	11	4.68 cents	N/A

Consolidated Balance Sheet

As at 31st March 2005

	<i>Note</i>	2005 HK\$'000	2004 HK\$'000
Fixed assets	12	4,901,263	4,642,900
Jointly controlled entities	14	145,409	213,994
Associated companies	15	413,552	357,923
Long term investment	16	–	1,601
Goodwill	17	3,548	16,883
Mortgage loans receivable	18	12,409	40,160
Deferred tax assets	29	54,848	55,388
Current assets			
Properties held for/under development for sale	19	1,242,046	1,029,149
Completed properties held for sale	19	579,763	608,082
Hotel and restaurant inventories		2,690	2,615
Debtors and prepayments	20	113,876	176,058
Other investments	21	104,838	70,233
Tax recoverable		224	238
Bank balances and cash	22	461,743	93,308
		2,505,180	1,979,683
Current liabilities			
Creditors and accruals	23	153,019	268,662
Short term bank loans and overdrafts			
Secured		–	23,000
Unsecured		8,778	31,941
Convertible notes	26	–	46,000
Current portion of long term loans	28	127,673	118,446
Taxation		19,916	9,452
		309,386	497,501
Net current assets		2,195,794	1,482,182
		7,726,823	6,811,031
Financed by:			
Share capital	24	50,760	41,093
Reserves	25	4,222,403	3,426,487
Shareholders' funds		4,273,163	3,467,580
Convertible bonds	27	290,000	290,000
Long term loans	28	2,260,761	2,229,216
Deferred tax liabilities	29	64,840	53,395
Minority interests and loans	30	838,059	770,840
		7,726,823	6,811,031

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Balance Sheet

As at 31st March 2005

	<i>Note</i>	2005 HK\$'000	2004 HK\$'000
Subsidiaries	13	3,865,713	3,550,190
Deferred tax assets	29	1,637	9,199
Current assets			
Debtors and prepayments		346	339
Other investments		11,700	–
Bank balances and cash		56,233	10,924
		68,279	11,263
Current liabilities			
Creditors and accruals		1,787	2,674
Current portion of long term loans	28	1,360	15,652
		3,147	18,326
Net current assets/(liabilities)		65,132	(7,063)
		3,932,482	3,552,326
Financed by:			
Share capital	24	50,760	41,093
Reserves	25	3,873,655	3,494,233
Shareholders' funds		3,924,415	3,535,326
Long term loans	28	8,067	17,000
		3,932,482	3,552,326

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Cash Flow Statement

For the year ended 31st March 2005

	<i>Note</i>	2005 HK\$'000	2004 HK\$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	<i>34(a)</i>	(386,305)	110,128
Net tax refunded		14	433
Interest paid		(91,223)	(104,332)
Net cash (used in)/from operating activities		(477,514)	6,229
Cash flows from investing activities			
Interest received		12,480	6,814
Dividends received from a jointly controlled entity		165,330	–
Dividends received from listed investments		335	593
Proceeds on disposal of an associated company		–	2,000
Proceeds on disposal of listed investments		38,282	72,562
Proceeds on disposal of fixed assets		2,900	–
Purchase of other investments		(3,127)	(50,205)
Addition to fixed assets		(626)	(251)
Disposal of subsidiaries	<i>34(b)</i>	71,486	–
Acquisition of a jointly controlled entity		–	(11,631)
Increase in investment in an associated company		(6)	–
Increase in investment in a jointly controlled entity		(11)	–
(Increase)/decrease in advances to associated companies		(12,334)	90,754
Decrease in advances to jointly controlled entities		147,561	19,450
Net cash from investing activities		422,270	130,086
Net cash (used in)/generated before financing activities		(55,244)	136,315
Cash flows from financing activities			
Decrease in restricted bank balances		3,809	1,228
Drawdown of long term bank loans		1,365,831	295,600
Repayment of long term bank loans		(1,206,397)	(476,351)
Issue of convertible notes		–	46,000
Redemption of convertible notes		(46,000)	–
Dividend paid		(8,222)	–
(Decrease)/increase in short term bank loans		(51,000)	1,000
Increase/(decrease) in loans from minority shareholders of subsidiaries		3,091	(4,412)
Exercise of share options		668	–
Placement of new shares		360,019	–
Repurchase of own shares		–	(867)
Net cash from/(used in) financing activities	<i>34(c)</i>	421,799	(137,802)

Consolidated Cash Flow Statement

For the year ended 31st March 2005

	<i>Note</i>	2005	2004
		HK\$'000	HK\$'000
Net increase/(decrease) in cash and cash equivalents		366,555	(1,487)
Cash and cash equivalents at beginning of the year		56,742	58,374
Changes in exchange rates		852	(145)
Cash and cash equivalents at end of the year		424,149	56,742
Analysis of the balances of cash and cash equivalents			
Bank balances (excluding pledged deposits)		432,927	60,683
Bank overdrafts		(8,778)	(3,941)
		424,149	56,742

Consolidated Statement of Changes in Equity

For the year ended 31st March 2005

	<i>Note</i>	2005 HK\$'000	2004 HK\$'000
Balance at beginning of the year		3,467,580	3,434,352
Exchange differences arising on translation of accounts of overseas subsidiaries, jointly controlled entities and associated companies	25	13,732	17,615
Revaluation surplus on investment properties			
Subsidiaries	25	117,000	66,246
Associated companies	25	41,580	14,520
Revaluation surplus on hotel properties, net of taxation	25	78,765	77,716
Net gains not recognised in the profit and loss account		251,077	176,097
Profit/(loss) for the year attributable to shareholders	25	202,041	(142,002)
Repurchase of own shares	24, 25	–	(867)
Exercise of share options	24, 25	668	–
Placement of new shares	24, 25	360,019	–
Dividends	25	(8,222)	–
Balance at end of the year		4,273,163	3,467,580

Notes to the Accounts

1 Principal accounting policies

(a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment, hotel and certain other properties and in accordance with accounting principles generally accepted in Hong Kong.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005.

The new HKFRSs mainly affecting the Group are:

HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HK-Int 2	The Appropriate Accounting Policies for Hotel Properties
HK-Int 3	Revenue – Pre-completion Contracts for the Sale of Development Properties
HKAS-Int 21	Income taxes – Recovery of Revalued Non-Depreciable Assets

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st March 2005. The Group is assessing the impact of these new HKFRSs and has so far identified that they will not affect the cash flows of the Group.

The changes and the more significant differences between new HKFRSs and current accounting policies that are expected to affect the Group's profit and loss account and balance sheet are as follows:

(i) Investment properties

The change in fair value of the investment properties and deferred taxation on the corresponding revaluation surplus or deficit will be recognised in the profit and loss account. Revaluation movement on a portfolio basis has been accounted for in the equity under the current accounting policy and no deferred taxation was provided for thereon.

(ii) Hotel properties

Land and buildings will be accounted for separately. Hotel buildings will be stated at cost less accumulated depreciation and impairment, while the underlying freehold land will be accounted for as property, plant and equipment and stated at cost less impairment, the underlying leasehold land will be accounted for as described in note (iii) below. Hotel properties have been stated at valuation without depreciation under the current accounting policy.

1 Principal accounting policies (continued)

(a) Basis of preparation (continued)

(iii) Leasehold land in Hong Kong

Leasehold land in Hong Kong will no longer be accounted for as property, plant and equipment. Instead, it will be accounted for as prepayment of lease and stated at cost and recognised as an expense on a straight-line basis over the lease term. Leasehold land has been stated at cost less impairment, if any, under the current accounting policy.

(iv) Pre-sale of development properties

Stage of completion method will no longer be used to recognise revenue from pre-sale of development properties, instead revenue will be recognised upon completion of those properties.

(v) Share options

The Group will be required to determine the fair value of all share options to employees and recognised as expense in the profit and loss account over the vesting period. This treatment will apply to share options granted after 7th November 2002 and had not yet vested on 1st January 2005. Under the current accounting policy, share options to employees were not recorded in the financial statement.

(vi) Financial instruments

Under the new HKFRSs, financial instruments will be carried at either amortised cost or fair value, depending on their classification. Depending on the classification of the financial instruments, movements in fair value will be either charged to net profit or loss or taken to equity in accordance with the standard. In addition, all derivatives, including those embedded in non-derivatives host contracts will be recognised in the balance sheet at fair value. This will result in a change to the Group's current accounting policies in respect of classification, measurement and recognition of financial instruments.

The Group will be continuing with the assessment of the impact of the new HKFRSs and other significant changes may be identified as a result.

(b) Basis of consolidation

The consolidated accounts of the Group include the accounts of the Company and its subsidiaries made up to 31st March and the Group's share of post-acquisition profits less losses, and reserves, of its jointly controlled entities and associated companies.

The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition and to the effective dates of disposal respectively.

The profit or loss on disposal of subsidiaries, jointly controlled entities or associated companies is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill/negative goodwill which remains unamortised, and those previously taken to reserves and any related exchange reserve.

All material intra-group transactions and balances have been eliminated on consolidation.

Notes to the Accounts

1 Principal accounting policies (continued)

(c) Subsidiaries

Subsidiaries are companies in which the Group has the power to exercise control governing the financial and operating policies of the companies.

In the Company's balance sheet, investments in subsidiaries are carried at cost. Provision is made when the Directors consider that there is a long term impairment in value.

(d) Jointly controlled entities

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with other venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. The Group's investments in jointly controlled entities are carried in the consolidated balance sheet at the Group's share of net assets. The Group continues to share losses incurred by jointly controlled entities, which is over and above the carrying amounts of the investments, to the extent that the Group has guaranteed obligations or other commitments of these jointly controlled entities.

In the Company's balance sheet, investments in jointly controlled entities are stated at cost. Provision is made when the Directors consider that there is a long term impairment in value.

(e) Associated companies

An associated company is a company, not being a subsidiary or a jointly controlled entity, in which an equity interest is held for the long term and significant influence is exercised in its management. The Group's investments in associated companies are included in the consolidated balance sheet at the Group's share of net assets. The Group continues to share losses incurred by associated companies, which is over and above the carrying amounts of the investments, to the extent that the Group has guaranteed obligations or other commitments of these associated companies.

In the Company's balance sheet, investments in associated companies are carried at cost. Provision is made when the Directors consider that there is a long term impairment in value.

(f) Goodwill

Goodwill represents the difference between the cost of an acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiaries, jointly controlled entities and associated companies at the effective date of acquisition.

Goodwill on acquisitions, which occurred on or prior to 31st March 2001, was taken directly to reserves. The carrying amount of goodwill, including those previously taken directly to reserves, is reviewed annually and provision is only made where, in the opinion of the Directors, there is a long term impairment in value.

Goodwill arising on acquisitions occurring after 31st March 2001 is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of not more than twenty years.

Where the fair values ascribed to the net assets exceed the purchase consideration, such differences are recognised in the consolidated profit and loss account in the year of acquisition or over the weighted average useful life of those non-monetary assets acquired.

1 Principal accounting policies (continued)

(g) Other investments

Other investments are stated in the balance sheet at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair values are recognised in the profit and loss account. Profits or losses on disposals of such investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(h) Fixed assets

(i) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for investment purpose.

Investment properties held on leases of more than twenty years are stated at valuation. Independent professional valuations are carried out at intervals of not more than three years by independent valuers; in each of the intervening years, valuations are undertaken by either independent professional valuers or professionally qualified executives of the Group. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. Increases in valuation are credited to investment properties revaluation reserve; decreases are first set off against increases on earlier valuations on a portfolio basis and thereafter charged to the profit and loss account. Upon disposal of an investment property, the related revaluation surplus is released from the investment properties revaluation reserve and included in calculating the profit or loss on disposal.

No depreciation is provided in respect of investment properties held on leases of more than twenty years.

(ii) *Hotel properties*

Hotel properties are interests in land and buildings and their integral fixed plant, fixtures and fittings which are collectively used in the hotel operation. The initial cost of the hotel operating equipment (linen, silverware and chinaware) was included in the cost of hotel properties and subsequent additions or replacements are charged to the profit and loss account as incurred. Hotel properties are revalued annually based on independent professional valuations on an open market value basis. Changes in the values of hotel properties are dealt with as movements in the hotel properties revaluation reserve. If the reserve is insufficient to cover a revaluation deficit on an individual basis, the excess of the deficit is charged to the profit and loss account.

No depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain hotel buildings in a continual state of sound repairs and to make improvements thereto from time to time and accordingly the Directors consider that, given the estimated lives of the hotel properties, any depreciation charge would be insignificant due to their high residual value. Such expenditure on repairs and maintenance is charged to the profit and loss account as incurred.

Notes to the Accounts

1 Principal accounting policies (continued)

(h) Fixed assets (continued)

(iii) Other properties

Other properties are interests in land and buildings other than investment or hotel properties and are stated at cost less accumulated depreciation and provision for significant impairment in value or carried at valuation.

In respect of land and buildings stated at valuation, independent professional valuations are carried out at intervals of not more than three years by independent valuers; in each of the intervening years, the Directors review the carrying value of the other properties and adjustment is made where there has been a material change. Increases in valuation are credited to the other properties revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and are thereafter debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon the disposal of a property, the relevant portion of the realised revaluation reserve in respect of previous valuations is transferred from the revaluation reserve to revenue reserve.

Depreciation is provided on other properties, using the straight line method, to write off their cost or valuation over their estimated useful lives as follows:

Leasehold land	Unexpired term of leases
Buildings	50 years

Upon revaluation of other properties, the accumulated depreciation at the date of revaluation is eliminated against the cost of the other properties and the resulting net amount is restated to the revalued amount of the other properties. The amount of the adjustment arising on the elimination of accumulated depreciation forms part of the changes in the carrying amount of the other properties as a result of a revaluation which is dealt with on the same basis as changes in valuation of the other properties as mentioned above.

(iv) Properties under development for investment

Properties under development for investment are stated at cost and are included in fixed assets. Cost comprises land at cost, construction costs, interest and other direct expenses capitalised. Provision is made when the Directors consider that there is a long term impairment in value. On completion, the properties are transferred to investment or hotel properties respectively.

No depreciation is provided on properties under development for investment.

(v) Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and provision for significant impairment in value. Depreciation is provided on other fixed assets, using the straight line method, to write off their costs over their estimated useful lives of 4 to 10 years.

Profits or losses on disposal of other fixed assets are determined as the difference between the net disposal proceeds and the carrying amounts of the assets and are dealt with in the profit and loss account.

1 Principal accounting policies (continued)

(h) Fixed assets (continued)

(vi) Impairment of fixed assets

The carrying amounts of other fixed assets and properties which are stated at cost less accumulated depreciation are reviewed regularly. When the estimated recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts. Expected future cash flows have been discounted in determining the recoverable amount.

(i) Properties held for/under development for sale

Properties held for/under development for sale are included in current assets and comprise land at cost, construction costs, interest and other direct costs attributable to such properties and attributable profits taken to-date, less sales instalments received and allowances for any foreseeable losses.

When a development property is sold in advance of completion, profit is recognised over the course of the development and is computed each year as a proportion of the total estimated profit to completion; the proportion used being the lower of the proportion of the construction works completed and the proportion of sales proceeds received and receivable at the balance sheet date to total sales proceeds.

Where purchasers fail to pay the balance of the purchase price on completion and the Group exercises its entitlement to resell the property, sales deposits received in advance of completion which are forfeited are credited to operating profit; and any profits recognised up to the date of completion are written back.

(j) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises land at cost, construction costs, interest and other direct expenses capitalised during the course of development. Net realisable value is determined by the Directors based on prevailing market conditions.

(k) Hotel and restaurant inventories

Hotel and restaurant inventories comprise consumables and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis.

(l) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Accounts

1 Principal accounting policies (continued)

(m) Employee benefits (continued)

(ii) Pension obligations

The Group contributes to several defined contribution retirement schemes which are available to employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions to these schemes are expensed as incurred.

(n) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(o) Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably on the following bases:

(i) Properties held for/under development for sale

Revenue from sales of development properties for sale is recognised as set out in note (i) above.

(ii) Completed properties held for sale

Revenue from sales of completed properties held for sale is recognised upon completion of the sale and purchase contracts.

(iii) Investment properties

Rental income from investment properties is recognised on a straight line basis over the terms of the respective leases.

(iv) Hotel, travel agency and management services businesses

Revenue from hotel and catering operations is recognised upon provision of services.

Revenue from sale of air tickets and hotel reservation service is recognised when customers confirm the booking.

Management fee income is recognised when services are rendered.

1 Principal accounting policies (continued)

(o) Revenue recognition (continued)

(v) Investment and others

Revenue from sale of securities is recognised when the significant risks and rewards of ownership have been transferred to the purchaser.

Interest income is recognised on a time proportion basis that takes into account the principal amount outstanding and the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(p) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange ruling at that date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The profit and loss accounts of subsidiaries, jointly controlled entities and associated companies denominated in foreign currencies are translated at the weighted average exchange rates during the year and balance sheets are translated at the rates of exchange ruling at the balance sheet date. Exchange difference arising from the translation of net investments in these subsidiaries, jointly controlled entities and associated companies are dealt with as a movement in reserves.

(q) Borrowing costs

Borrowing costs incurred on properties under development that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the properties under development.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(r) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals payable, net of incentives received from the lessors, under such operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(s) Cash and cash equivalents

Cash and cash equivalents are stated in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, cash investments with a maturity of three months or less from the date of investment and bank overdrafts.

Notes to the Accounts

2 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 and 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. Segment assets consist primarily fixed assets, other non-current assets, hotel inventories, properties, debtors, prepayments and other receivables and investments. Segment liabilities comprise mainly creditors, accruals, bank and other loans.

	Property sales	Property leasing	Hotel and travel	Other operations	Group
2005 (in HK\$'000)					
Segment revenue	41,995	50,250	569,248	43,804	705,297
Contribution to segment results	(30,756)	45,937	97,138	27,904	140,223
Other income/(charges)	35,316	–	(13,335)	37,313	59,294
Unallocated corporate expenses					(33,446)
Operating profit					166,071
Finance costs					(93,141)
Share of results of					
Jointly controlled entities	200,817	–	–	33	200,850
Associated companies	(2,753)	5,843	–	(222)	2,868
Profit before taxation					276,648
Taxation charge					(50,120)
Profit after taxation					226,528
Minority interests					(24,487)
Profit attributable to shareholders					202,041
2004 (in HK\$'000)					
Segment revenue	167,813	53,155	425,966	78,724	725,658
Contribution to segment results	(3,132)	47,557	42,067	18,119	104,611
Other charges	(20,074)	–	(11,542)	(63,363)	(94,979)
Unallocated corporate expenses					(38,759)
Operating loss					(29,127)
Finance costs					(106,785)
Share of results of					
Jointly controlled entities	(3,189)	–	–	–	(3,189)
Associated companies	(15,972)	5,308	(713)	(172)	(11,549)
Loss before taxation					(150,650)
Taxation credit					2,310
Loss after taxation					(148,340)
Minority interests					6,338
Loss attributable to shareholders					(142,002)

2 Turnover and segment information (continued)

Primary reporting format – business segments (continued)

2005 (in HK\$'000)	Property sales	Property leasing	Hotel and travel	Other operations	Group
Segment assets	1,322,979	2,096,089	3,475,117	160,259	7,054,444
Jointly controlled entities and associated companies	323,557	234,316	–	1,088	558,961
Unallocated assets					422,804
					8,036,209
Segment liabilities	627,222	840,409	1,320,813	39,610	2,828,054
Minority interests and loans					838,059
Unallocated liabilities					96,933
					3,763,046
Capital expenditure	22	–	188	416	626
Depreciation	19	–	926	290	1,235
2004 (in HK\$'000)					
Segment assets	1,170,340	1,975,133	3,301,942	180,919	6,628,334
Jointly controlled entities and associated companies	372,959	188,052	–	10,906	571,917
Unallocated assets					108,281
					7,308,532
Segment liabilities	654,102	883,794	1,356,818	36,134	2,930,848
Minority interests and loans					770,840
Unallocated liabilities					139,264
					3,840,952
Capital expenditure	25	–	154	72	251
Depreciation	40	246	3,243	354	3,883

Notes to the Accounts

2 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:

2005 (in HK\$'000)	Segment revenue	Operating profit/(loss)	Total assets	Capital expenditure
Hong Kong	626,260	150,009	7,495,016	622
Mainland China	11,127	(1,728)	78,089	4
Canada	67,910	17,790	463,104	–
	705,297	166,071	8,036,209	626

2004 (in HK\$'000)

Hong Kong	643,889	(42,201)	6,796,223	230
Mainland China	22,594	(560)	81,652	21
Canada	59,175	13,634	430,657	–
	725,658	(29,127)	7,308,532	251

3 Other income/(charges)

	2005 HK\$'000	2004 HK\$'000
Write-back of provision/(provision) for diminution in value of properties held for/under development for sale	35,316	(20,074)
Unrealised gains/(losses) on other investments	35,226	(11,963)
Write-back of provision/(provision) for doubtful debts	6,033	(51,400)
Loss on disposal of an associated company	–	(9,129)
Loss on disposal of subsidiaries	(3,946)	–
Impairment loss of goodwill	(10,871)	–
Amortisation of goodwill	(2,464)	(2,413)
	59,294	(94,979)

4 Operating profit/(loss)

	2005 HK\$'000	2004 HK\$'000
Operating profit/(loss) is stated after crediting and charging the following:		
Crediting		
Net rental income (note (a))	45,707	46,039
Interest income	5,186	5,569
Dividends from listed investments	335	593
Gain on disposal of fixed assets	977	–
Net unrealised gains on other investments	35,226	–
Net realised gains on other investments	22,383	11,956
Charging		
Operating lease rental expense for land and buildings	4,994	6,235
Impairment loss of goodwill	10,871	–
Amortisation of goodwill	2,464	2,413
Staff costs including Director's emoluments (note 7)	88,018	78,319
Depreciation	1,235	3,883
Auditors' remuneration	2,842	2,720
Provision for long term investment	1,601	–
Loss on disposal of fixed assets	–	68
Net unrealised losses on other investments	–	11,963

Note:

(a) Net rental income

	2005 HK\$'000	2004 HK\$'000
Gross rental income		
Investment properties	32,173	34,295
Properties held for sale	18,077	18,860
	50,250	53,155
Outgoings	(4,543)	(7,116)
	45,707	46,039

Notes to the Accounts

5 Finance costs

	2005 HK\$'000	2004 HK\$'000
Interest expense		
Long term bank loans	61,323	66,623
Convertible bonds	30,914	30,999
Convertible notes	845	2,218
Loans from minority shareholders of subsidiaries	3,091	3,443
Short term bank loans and overdrafts	3,616	12,136
Other incidental borrowing costs	11,456	6,167
	111,245	121,586
Capitalised as cost of properties under development		
Interest expense	(15,331)	(13,671)
Other incidental borrowing costs	(2,773)	(1,130)
	93,141	106,785

To the extent funds are borrowed generally and used for the purpose of financing certain properties under development, the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation as part of the costs of these properties under development is 5.4% (2004: 5.5%) per annum.

6 Directors' and senior management's emoluments

(a) The aggregate amount of emoluments paid and payable to Directors of the Company during the year are as follows:

	2005 HK\$'000	2004 HK\$'000
Fees	538	110
Salaries, housing allowances and benefits in kind (note)	22,248	18,660
	22,786	18,770

Note:

Balance includes HK\$9,000,000 (2004: HK\$5,700,000) paid by subsidiaries of Asia Standard Hotel Group Limited ("Asia Standard Hotel"), a separately listed subsidiary of the Group.

6 Directors' and senior management's emoluments (continued)

The emoluments of individual Directors fell within the following bands:

Emoluments band	Number	
	2005	2004
HK\$ nil – HK\$1,000,000	6	5
HK\$1,500,001 – HK\$2,000,000	–	1
HK\$2,000,001 – HK\$2,500,000	1	2
HK\$2,500,001 – HK\$3,000,000	1	–
HK\$3,000,001 – HK\$3,500,000	1	1
HK\$3,500,001 – HK\$4,000,000	1	–
HK\$8,500,001 – HK\$9,000,000	–	1
HK\$10,500,001 – HK\$11,000,000	1	–

Emoluments paid to Independent Non-executive Directors amounted to HK\$278,000 (2004: HK\$110,000) during the year. None of the Directors has waived the right to receive their emoluments.

(b) The five highest paid individuals in the Group for the year include five (2004: five) Directors whose emoluments are already reflected in the analysis presented above.

7 Staff costs

	2005	2004
	HK\$'000	HK\$'000
Wages and salaries	86,325	77,017
Retirement benefits costs (note (a))	2,928	2,693
	89,253	79,710
Capitalised under properties under development	(1,235)	(1,391)
	88,018	78,319

Staff costs are stated inclusive of Directors' emoluments.

Notes to the Accounts

7 Staff costs (continued)

Notes:

(a) Retirement benefits costs

	2005	2004
	HK\$'000	HK\$'000
Gross contributions	3,028	2,847
Forfeitures utilised	(100)	(154)
Net contributions	2,928	2,693

The Group participates in three types of defined contribution schemes for employees, namely the Mandatory Provident Fund ("MPF") Scheme and Occupational Retirement Scheme Ordinance ("ORSO") Scheme in Hong Kong and Canada Pension Plan ("CPP") in Canada.

In Hong Kong, the Group participates in several defined contribution schemes under the ORSO which are available to employees joining before 1st December 2000. Under these schemes, contribution of 5% of the employee's monthly salaries are made by the employees and by the Group. The Group's contributions may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

The Group also participates in the MPF scheme, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% and 4.95% (2004: 5% and 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

The Group's contributions to all these schemes are expensed as incurred. The assets of all these retirement schemes are held separately from those of the Group in independently administered funds.

The Group also contributes to retirement plans for its employees in Mainland China at a percentage of applicable payroll costs in compliance with the requirements of the relevant municipal government in Mainland China.

As at 31st March 2005, no forfeiture (2004: nil) was available to reduce the Group's future contributions to the ORSO Scheme.

7 Staff costs (continued)**(b) Share options**

The Company operates a share option scheme, whereby options may be granted to employees of the Group, including the Executive Directors, to subscribe for shares of the Company. The consideration to be paid on each grant of option is HK\$1.

Details of share options held under the Old Option Scheme and New Option Scheme are as follows:

Grantee	Expiry date	Exercise price	2005 Number	2004 Number
Director	27th March 2005	HK\$0.384	–	1,750,000
Directors	29th March 2015	HK\$0.325	105,000,000	–
Employees	29th March 2015	HK\$0.325	60,000,000	–

During the year, 1,750,000 share options (2004: nil) granted under the Old Option Scheme were exercised and 165,000,000 share options under the New Option Scheme (2004: nil) were granted. No share option (2004: nil) was cancelled or lapsed during the year.

8 Taxation (charge)/credit

	2005 HK\$'000	2004 HK\$'000
Current taxation		
Hong Kong profits tax	(10,604)	(140)
Overprovisions in prior years	140	915
Deferred taxation		
Relating to the origination and reversal of temporary differences	(1,647)	1,819
Resulting from an increase in tax rate	–	1,634
	(12,111)	4,228
Share of taxation attributable to		
Jointly controlled entities	(36,850)	(287)
Associated companies	(1,159)	(1,631)
	(50,120)	2,310

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

Notes to the Accounts

8 Taxation (charge)/credit (continued)

The taxation on the Group's (profit)/loss before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2005 HK\$'000	2004 HK\$'000
(Profit)/loss before taxation	(276,648)	150,650
Calculated at a taxation rate of 17.5% (2004: 17.5%)	(48,413)	26,364
Overprovisions in prior years	140	918
Effect of different tax rates in other countries	1,199	844
Income not subject to taxation	17,102	7,496
Expenses not deductible for taxation purposes	(9,800)	(19,634)
Tax losses not recognised	(7,658)	(18,537)
Utilisation of previously unrecognised temporary difference	3,981	5,226
Recognition of previously unrecognised tax losses	2,993	1,775
Recognition of previously unrecognised temporary difference	(3,324)	–
Derecognition of deferred tax assets	(5,306)	(3,777)
Increase in opening net deferred tax assets resulting from an increase in tax rate	–	1,464
Others	(1,034)	171
Taxation (charge)/credit	(50,120)	2,310

9 Profit/(loss) attributable to shareholders

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$36,624,000 (2004: loss of HK\$53,041,000).

10 Dividends

	2005 HK\$'000	2004 HK\$'000
Interim, paid, of HK0.2 cent (2004: Nil) per share	8,222	–
Final, proposed, of HK0.4 cent (2004: Nil) per share	20,304	–
	28,526	–

Note:

At a meeting held on 19th July 2005, the Board has declared a final dividend of HK0.4 cent per share. This proposed dividend is not reflected as a dividend payable in the accounts, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2006.

11 Earnings/(loss) per share

The calculation of earnings/(loss) per share is based on profit attributable to shareholders of HK\$202,041,000 (2004: loss of HK\$142,002,000) and on the weighted average of 4,215,293,826 (2004: 4,109,301,376) shares in issue during the year.

The calculation of diluted earnings per share is based on HK\$227,339,000 equalling to the profit attributable to shareholders of HK\$202,041,000 plus after tax interest savings of HK\$25,504,000 less increased minority interests' share of the profit of HK\$206,000 and, 4,861,503,872 shares equalling to the weighted average number of 4,215,293,826 shares in issue during the year plus 646,210,046 potential shares deemed to be in issue assuming the convertible bonds had been converted.

No diluted loss per share for the year ended 31st March 2004 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.

12 Fixed assets

	Investment properties HK\$'000	Hotel properties HK\$'000	Other properties HK\$'000	Properties under development HK\$'000	Other fixed assets HK\$'000	Total HK\$'000
Group						
Cost or valuation						
At 31st March 2004	1,423,000	3,167,550	10,507	42,326	48,514	4,691,897
Translation differences	–	31,850	–	–	24	31,874
Additions	–	–	–	–	626	626
Disposals	–	–	(2,534)	–	(521)	(3,055)
Cost adjustment	–	–	–	(1,167)	–	(1,167)
Surplus on revaluation	117,000	113,210	–	–	–	230,210
At 31st March 2005	1,540,000	3,312,610	7,973	41,159	48,643	4,950,385
Accumulated depreciation and impairment						
At 31st March 2004	–	–	2,210	–	46,787	48,997
Translation differences	–	–	–	–	22	22
Charge for the year	–	–	201	–	1,034	1,235
Disposals	–	–	(641)	–	(491)	(1,132)
At 31st March 2005	–	–	1,770	–	47,352	49,122
Net book value						
At 31st March 2005	1,540,000	3,312,610	6,203	41,159	1,291	4,901,263
At 31st March 2004	1,423,000	3,167,550	8,297	42,326	1,727	4,642,900

Notes to the Accounts

12 Fixed assets (continued)

- (a) Investment properties comprise long term leasehold land and buildings of HK\$1,540,000,000 (2004: HK\$1,423,000,000) in Hong Kong. They were revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 31st March 2005.
- (b) Hotel properties comprise long term leasehold land and buildings situated in Hong Kong of HK\$1,440,000,000 (2004: HK\$1,400,000,000), medium term leasehold land and buildings in Hong Kong of HK\$1,420,000,000 (2004: HK\$1,350,000,000) and freehold land and buildings situated in Canada of HK\$452,610,000 (2004: HK\$417,550,000). The hotel properties in Hong Kong and Canada were revalued by Knight Frank and Grant Thornton Management Consultants, independent professional valuers, on an open market value basis as at 31st March 2005 respectively.
- (c) Included in other properties are long term leasehold land and buildings of HK\$2,406,000 (2004: HK\$2,440,000) and medium term leasehold land and buildings of HK\$3,797,000 (2004: HK\$5,857,000), both of which are stated at cost less accumulated depreciation and impairment. All these properties are located in Hong Kong.
- (d) Properties under development comprise long term leasehold land and buildings of HK\$41,159,000 (2004: HK\$42,326,000) in Hong Kong and are stated at cost.
- (e) The aggregate net book value of fixed assets pledged as securities for loans amounts to HK\$4,894,357,000 (2004: HK\$4,638,733,000).

13 Subsidiaries

	2005	2004
	HK\$'000	HK\$'000
Unlisted shares, at cost	1,229,076	1,229,076
Amounts due by subsidiaries less provisions	2,636,637	2,321,114
	3,865,713	3,550,190

The shares in a subsidiary are pledged to secure loan facilities granted to the Group.

Details of the principal subsidiaries are set out in note 35.

The amounts receivable are unsecured, interest free and have no fixed terms of repayment.

14 Jointly controlled entities

	Group	
	2005 HK\$'000	2004 HK\$'000
Share of net liabilities	(108,970)	(94,223)
Advances to jointly controlled entities less provisions	254,379	308,217
	145,409	213,994

The shares in certain jointly controlled entities are pledged to secure loan facilities granted to those entities. Advances to jointly controlled entities amounting to HK\$95,836,000 (2004: HK\$261,027,000) are subordinated to the repayment of the loans of those jointly controlled entities.

Advances to jointly controlled entities are made to finance property development projects. The amounts are unsecured, interest free and have no fixed terms of repayment.

Details of the principal jointly controlled entities are set out in note 35.

Set out below is a summary of the financial information of Goldmax International Limited, a significant jointly controlled entity, which is principally engaged in a property development project in Repulse Bay.

	2005 HK\$'000	2004 HK\$'000
Results		
Turnover	939,800	–
Profit/(loss)	344,069	(3,927)
Group's share of profit/(loss)	172,379	(1,967)

	2005 HK\$'000	2004 HK\$'000
Assets and liabilities		
Current assets	90,044	697,714
Current liabilities	(83,153)	(496,164)
Long term liabilities (other than amounts due to the Group)	–	(104,103)
Net assets	6,891	97,447
Group's share of net assets	3,452	48,821

Notes to the Accounts

15 Associated companies

	Group	
	2005 HK\$'000	2004 HK\$'000
Share of net liabilities	(55,400)	(100,814)
Advances to associated companies less provisions	520,102	509,887
Amounts due to associated companies	(51,150)	(51,150)
	413,552	357,923

The shares in certain associated companies are pledged to secure the loan facilities granted to those companies. In 2004, advances to associated companies amounting to HK\$345,700,000 were subordinated to the repayment of the loans of those companies.

Advances to associated companies are made to finance property development projects. Except for an amount of HK\$902,000 (2004: HK\$8,565,000) due from an associated company which is interest bearing at prime rate, the remaining amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment.

Details of the principal associated companies are set out in note 35.

16 Long term investment

	Group	
	2005 HK\$'000	2004 HK\$'000
Unlisted share, at cost	1	1
Advance to an investee company	1,600	1,600
	1,601	1,601
Less: Provision	(1,601)	–
	–	1,601

Advance to an investee company was unsecured, interest free and had no fixed terms of repayment.

17 Goodwill

	Group HK\$'000
Cost	
At 31st March 2004 and 2005	24,643
Accumulated amortisation	
At 31st March 2004	7,760
Amortisation charge for the year	2,464
Impairment charge for the year	10,871
At 31st March 2005	21,095
Net book value	
At 31st March 2005	3,548
At 31st March 2004	16,883

18 Mortgage loans receivable

At 31st March 2005, no mortgage loans receivable (2004: HK\$14,518,000) were pledged as security for the Group's long term loans.

19 Properties held for/under development for sale and completed properties held for sale

At 31st March 2005, properties amounting to HK\$1,683,263,000 (2004: HK\$1,416,374,000) were pledged to banks to secure certain banking facilities of the Group.

At 31st March 2005, properties that were carried at net realisable values were HK\$714,155,000 (2004: HK\$721,712,000) and properties held for deployment in operating leases were HK\$545,487,000 (2004: HK\$538,212,000).

20 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 year was HK\$1,088,000 (2004: HK\$1,156,000).

Trade debtors amounted to HK\$42,044,000 (2004: HK\$36,789,000), 96% of which (2004: 100%) were aged under six months. The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

Notes to the Accounts

21 Other investments

	Group	
	2005 HK\$'000	2004 HK\$'000
Equity securities		
Listed in Hong Kong	104,838	70,233

22 Bank balances and cash

The balances include restricted bank balances of HK\$28,816,000 (2004: HK\$32,625,000) which are pledged to banks to secure certain banking facilities of the Group or required to be utilised for specific purposes.

23 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\$18,465,000 (2004: HK\$23,185,000), 93% of which (2004: 100%) were aged under six months.

24 Share capital

Shares of HK\$0.01 each	Number of shares		Amount HK\$'000	
	2005	2004	2005 HK\$'000	2004 HK\$'000
Authorised:				
At 31st March 2004 and 2005	400,000,000,000		4,000,000	
Issued and fully paid:				
At beginning of the year	4,109,249,990	4,112,605,990	41,093	41,126
Exercise of share options (note (a))	1,750,000	–	17	–
Placement of new shares (notes (b) & (c))	965,000,000	–	9,650	–
Repurchase of own shares (note (d))	–	(3,356,000)	–	(33)
At end of the year	5,075,999,990	4,109,249,990	50,760	41,093

24 Share capital (continued)

Notes:

- (a) On 30th December 2004, the Company issued 1,750,000 new shares upon the exercise of options granted to a Director of the Company at HK\$0.384 per share.
- (b) On 16th February 2005, the Company issued 820,000,000 new shares for subscription by independent third parties at HK\$0.38 per share, to raise capital of the Company. Net consideration received was HK\$304.9 million which will be used to repay bank borrowing and pay land premium for the Group's existing residential property projects in Hong Kong. The market price of the shares was HK\$0.41 per share on 2nd February 2005, which is the last trading day prior to the release of the announcement of subscription.
- (c) On 15th March 2005, the Company further issued 145,000,000 new shares for subscription by Grosvenor Asset Management Limited, a substantial shareholder of the Company, at HK\$0.38 per share.
- (d) In 2004, the Company repurchased 3,356,000 of its own shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$866,780. All the shares repurchased were subsequently cancelled. An amount equal to the nominal value of those shares of HK\$33,560 was transferred from the revenue reserve to capital redemption reserve.

Notes to the Accounts

25 Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Revaluation reserve			Contributed surplus HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
				Investment properties HK\$'000	Hotel properties HK\$'000	Other properties HK\$'000			
Group									
At 31st March 2003	533,090	362	43,835	390,357	265,281	11,908	2,670,292	(521,899)	3,393,226
Translation differences	-	-	-	-	869	-	-	16,746	17,615
Repurchase of own shares	-	-	33	-	-	-	-	(867)	(834)
Reclassification	-	-	-	11,908	-	(11,908)	-	-	-
Surplus on revaluation									
Subsidiaries									
Gross	-	-	-	66,246	78,072	-	-	-	144,318
Taxation	-	-	-	-	(356)	-	-	-	(356)
Associated companies	-	-	-	14,520	-	-	-	-	14,520
Loss for the year	-	-	-	-	-	-	-	(142,002)	(142,002)
At 31st March 2004	533,090	362	43,868	483,031	343,866	-	2,670,292	(648,022)	3,426,487
Company and subsidiaries	533,090	362	43,868	442,611	343,866	-	2,670,292	(98,580)	3,935,509
Jointly controlled entities	-	-	-	-	-	-	-	(191,874)	(191,874)
Associated companies	-	-	-	40,420	-	-	-	(357,568)	(317,148)
At 31st March 2004	533,090	362	43,868	483,031	343,866	-	2,670,292	(648,022)	3,426,487
At 31st March 2004	533,090	362	43,868	483,031	343,866	-	2,670,292	(648,022)	3,426,487
Translation differences	-	-	-	-	398	-	-	13,334	13,732
Exercise of share options	651	-	-	-	-	-	-	-	651
Placement of new shares	350,369	-	-	-	-	-	-	-	350,369
Surplus on revaluation									
Subsidiaries									
Gross	-	-	-	117,000	79,247	-	-	-	196,247
Taxation	-	-	-	-	(482)	-	-	-	(482)
Associated companies	-	-	-	41,580	-	-	-	-	41,580
Interim dividend paid	-	-	-	-	-	-	-	(8,222)	(8,222)
Profit for the year	-	-	-	-	-	-	-	202,041	202,041
At 31st March 2005	884,110	362	43,868	641,611	423,029	-	2,670,292	(440,869)	4,222,403
Company and subsidiaries:									
2005 final dividend proposed (note 10)	-	-	-	-	-	-	-	20,304	20,304
Others	884,110	362	43,868	559,611	423,029	-	2,670,292	106,138	4,687,410
Jointly controlled entities	-	-	-	-	-	-	-	(211,452)	(211,452)
Associated companies	-	-	-	82,000	-	-	-	(355,859)	(273,859)
At 31st March 2005	884,110	362	43,868	641,611	423,029	-	2,670,292	(440,869)	4,222,403
Company									
At 31st March 2003	531,939	-	43,835	-	-	-	2,684,451	287,883	3,548,108
Repurchase of own shares	-	-	33	-	-	-	-	(867)	(834)
Loss for the year	-	-	-	-	-	-	-	(53,041)	(53,041)
At 31st March 2004	531,939	-	43,868	-	-	-	2,684,451	233,975	3,494,233
Exercise of share options	651	-	-	-	-	-	-	-	651
Placement of new shares	350,369	-	-	-	-	-	-	-	350,369
Interim dividend paid	-	-	-	-	-	-	-	(8,222)	(8,222)
Profit for the year	-	-	-	-	-	-	-	36,624	36,624
At 31st March 2005	882,959	-	43,868	-	-	-	2,684,451	262,377	3,873,655
Representing:									
2005 final dividend proposed (note 10)	-	-	-	-	-	-	-	20,304	20,304
Others	882,959	-	43,868	-	-	-	2,684,451	242,073	3,853,351
At 31st March 2005	882,959	-	43,868	-	-	-	2,684,451	262,377	3,873,655

25 Reserves (continued)

The investment property revaluation reserve includes an amount of HK\$50,000,000 (2004: HK\$50,000,000) in respect of an investment property which was transferred to property under development for sale in 2001.

The revenue reserve is distributable. Under the Companies Act of Bermuda and the Bye-Laws of the Company, the contributed surplus and the capital redemption reserve are also distributable. Accordingly, total distributable reserves of the Company amount to HK\$2,990,696,000 (2004: HK\$2,962,294,000) as at 31st March 2005.

26 Convertible notes

On 15th April 2003, Asia Standard Hotel issued convertible notes of the principal amount of HK\$46,000,000, which bore interest at Hong Kong prime rate per annum payable semi-annually in arrears. Each holder of the notes had 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 year, Asia Standard Hotel has fully redeemed all the convertible notes without conversion.

27 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.

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. Following the completion of the placing of new shares of the Company, the conversion price of the bonds was adjusted from HK\$0.45 per share to HK\$0.44 per share. ASICL may purchase 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 purchased, 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\$34,314,000 (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.

Notes to the Accounts

28 Long term loans

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Bank loans, secured				
Repayable within one year	127,673	118,446	1,360	15,652
Repayable between one and two years	278,511	145,220	1,360	2,960
Repayable between two and five years	456,390	751,362	4,080	8,880
Repayable after five years	1,525,860	1,332,634	2,627	5,160
	2,388,434	2,347,662	9,427	32,652
Current portion included in current liabilities	(127,673)	(118,446)	(1,360)	(15,652)
	2,260,761	2,229,216	8,067	17,000

In 2004, the Group refinanced bank loans outstanding of approximately HK\$1,469 million. The terms of repayment at 31st March 2004 in respect of these bank loans had been reclassified according to the new loan agreements. As a result, the amount of liabilities which had been excluded from current liabilities amounted to approximately HK\$65 million.

29 Deferred taxation

Deferred taxation are calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2004: 17.5%).

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Group

Deferred tax liabilities

	Accelerated tax depreciation		Revaluation of properties		Deferred assets		Fair value adjustments on acquisitions		Total	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
At beginning of the year	(105,654)	(87,417)	(2,993)	(2,218)	(649)	(878)	(94,702)	(99,957)	(203,998)	(190,470)
(Charged)/credited to profit and loss account	(11,659)	(15,694)	–	–	649	229	(3,350)	5,255	(14,360)	(10,210)
Charged to equity	–	–	(689)	(509)	–	–	–	–	(689)	(509)
Exchange differences	(1,723)	(2,543)	(229)	(266)	–	–	–	–	(1,952)	(2,809)
At end of the year	(119,036)	(105,654)	(3,911)	(2,993)	–	(649)	(98,052)	(94,702)	(220,999)	(203,998)

29 Deferred taxation (continued)

Deferred tax assets

	Decelerated tax depreciation		Provisions		Tax losses		Difference in cost base of properties		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of the year	428	290	620	310	161,598	137,238	43,345	53,762	205,991	191,600
(Charged)/credited to profit and loss account	(22)	138	(435)	310	(5,112)	23,632	18,282	(10,417)	12,713	13,663
Disposal of subsidiaries	-	-	-	-	(7,925)	-	-	-	(7,925)	-
Exchange differences	-	-	-	-	228	728	-	-	228	728
At end of the year	406	428	185	620	148,789	161,598	61,627	43,345	211,007	205,991

Company

Deferred tax assets

	Tax losses	
	2005	2004
	HK\$'000	HK\$'000
At beginning of the year	9,199	-
(Charged)/credited to profit and loss account	(7,562)	9,199
At end of the year	1,637	9,199

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$381 million (2004: HK\$429 million) to carry forward against future taxable income. Except for tax losses of HK\$316 million (2004: HK\$359 million) have no expiry date, the balance will expire at various dates up to and including 2012 (2004: 2011).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred tax assets	54,848	55,388	1,637	9,199
Deferred tax liabilities	(64,840)	(53,395)	-	-
	(9,992)	1,993	1,637	9,199

Notes to the Accounts

30 Minority interests and loans

	Group	
	2005 HK\$'000	2004 HK\$'000
Minority interests	736,478	672,350
Loans from minority shareholders of subsidiaries, unsecured	101,581	98,490
	838,059	770,840

Loans from minority shareholders are to finance property projects of subsidiaries and have no specific terms of repayment. Loans of HK\$89,661,000 (2004: HK\$86,570,000) bear interest at 1.5% (2004: 1.5%) above prime rate and the remaining balance is interest free.

31 Capital commitments

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Contracted but not provided for	-	-	-	-
Authorised but not contracted for	-	-	-	-
	-	-	-	-

32 Operating lease arrangements

(a) Lessor

The Group leases out certain properties under operating leases which typically run for lease terms between 1 and 10 years.

At 31st March 2005, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
In respect of land and buildings:		
Within one year	60,397	56,881
In the second to fifth year inclusive	42,888	59,968
After the fifth year	5,203	7,915
	108,488	124,764

32 Operating lease arrangements (continued)

(b) Lessee

At 31st March 2005, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
In respect of land and buildings :		
Within one year	5,443	3,110
In the second to fifth year inclusive	8,298	6,898
After the fifth year	–	–
	13,741	10,008

33 Contingent liabilities

(a) Guarantee

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Guarantees for the banking and loan facilities of:				
Subsidiaries	–	–	1,123,481	1,101,235
Jointly controlled entities	65,000	146,693	65,130	146,693
Associated companies	92,439	97,068	92,448	97,068
Third parties	1,387	1,785	–	–
Guarantee for the convertible bonds issued by a subsidiary	–	–	290,000	290,000
	158,826	245,546	1,571,059	1,634,996

(b) In May 2003, the Group received a writ in 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.

Notes to the Accounts

34 Notes to consolidated cash flow statement

(a) Reconciliation of profit/(loss) before taxation to net cash generated from operations

	2005 HK\$'000	2004 HK\$'000
Profit/(loss) before taxation	276,648	(150,650)
Share of profits less losses of		
Jointly controlled entities	(200,850)	3,189
Associated companies	(2,868)	11,549
Depreciation	1,235	3,883
Amortisation of goodwill	2,464	2,413
Impairment loss of goodwill	10,871	–
(Gain)/loss on disposal of fixed assets	(977)	68
Net realised and unrealised (gains)/losses on other investments	(57,609)	7
Loss on disposal of an associated company	–	9,129
Loss on disposal of subsidiaries	3,946	–
Provision for long term investment	1,601	–
(Write-back of provision)/provision for diminution in value of		
properties held for/under development for sale	(35,316)	20,074
Dividends from listed investments	(335)	(593)
Interest income	(5,186)	(5,569)
Interest expense	84,458	101,748
Operating profit/(loss) before working capital changes	78,082	(4,752)
Decrease/(increase) in mortgage loans receivable	27,751	(12,839)
(Increase)/decrease in properties held for/under development		
for sale (excluding interest expense capitalised)	(411,768)	111,089
(Increase)/decrease in hotel and restaurant inventories	(75)	295
Decrease/(increase) in debtors and prepayments	42,737	(5,014)
(Decrease)/increase in creditors and accruals	(123,032)	21,349
Net cash (used in)/generated from operations	(386,305)	110,128

34 Notes to consolidated cash flow statement (continued)

(b) Disposal of subsidiaries

	2005	2004
	HK\$'000	HK\$'000
Net assets disposed		
Properties under development for sale	273,017	–
Deferred tax assets	7,925	–
Bank balances	28	–
Creditors and accruals	(37)	–
Bank loan	(130,000)	–
	150,933	–
Less: Loss on disposal of subsidiaries	(3,946)	–
	146,987	–
Satisfied by		
Cash consideration	71,514	–
Reclassification to jointly controlled entities	75,473	–
	146,987	–

Analysis of net inflow of cash and cash equivalents in connection with disposal of subsidiaries:

	2005	2004
	HK\$'000	HK\$'000
Cash consideration	71,514	–
Bank balances disposed	(28)	–
	71,486	–

Notes to the Accounts

34 Notes to consolidated cash flow statement (continued)

(c) Analysis of changes in financing

	Share capital (including premium and redemption reserve) HK\$'000	Revenue reserve HK\$'000	Convertible bonds and notes HK\$'000	Long term loans HK\$'000	Short term bank loans HK\$'000	Restricted bank balance HK\$'000	Minority interests and loans HK\$'000	Total HK\$'000
At 31st March 2003	618,051	(521,899)	290,000	2,511,261	50,000	(33,853)	740,734	3,654,294
Exchange differences	–	16,746	–	17,152	–	–	7,549	41,447
Minority interests' share of loss	–	–	–	–	–	–	(6,338)	(6,338)
Minority interests' share of revaluation reserve	–	–	–	–	–	–	33,307	33,307
Repurchase of own shares	867	(867)	–	–	–	–	–	–
Loss for the year	–	(142,002)	–	–	–	–	–	(142,002)
Net cash from/(used in) financing activities	(867)	–	46,000	(180,751)	1,000	1,228	(4,412)	(137,802)
At 31st March 2004	618,051	(648,022)	336,000	2,347,662	51,000	(32,625)	770,840	3,442,906
Exchange differences	–	13,334	–	11,338	–	–	5,714	30,386
Disposal of subsidiaries	–	–	–	(130,000)	–	–	–	(130,000)
Minority interests' share of profit	–	–	–	–	–	–	24,487	24,487
Minority interests' share of revaluation reserve	–	–	–	–	–	–	33,927	33,927
Profit for the year	–	202,041	–	–	–	–	–	202,041
Net cash from/(used in) financing activities	360,687	(8,222)	(46,000)	159,434	(51,000)	3,809	3,091	421,799
At 31st March 2005	978,738	(440,869)	290,000	2,388,434	–	(28,816)	838,059	4,025,546

35 Principal subsidiaries, jointly controlled entities and associated companies

Listed below are the principal subsidiaries, jointly controlled entities and associated companies which, in the opinion of the Directors, principally affect the results and/or net assets of the Group.

Subsidiaries

(Unless indicated otherwise, they are indirectly wholly owned by the Group and have their principal place of operations in Hong Kong.)

Name	Principal activity	Issued and fully paid ordinary share capital except otherwise stated
<i>Incorporated in Hong Kong</i>		
Asia Standard (Beijing) Company Limited	Investment holding	HK\$2
Asia Standard Development (Holdings) Limited	Investment holding	HK\$10 and non-voting deferred share capital of HK\$362,892,949
Asia Standard Development (Real Estate Agencies) Limited	Real estate agency services	HK\$2
Asia Standard Finance Company Limited	Financing services	HK\$1,000,000
Asia Standard International Limited *	Investment holding	HK\$1,214,916,441
Asia Standard Management Services Limited	Management services	HK\$2
Asia Standard Project Management Company Limited	Project management	HK\$2
Barinet Company Limited	Property development	HK\$1,000
Crystal Rich Limited	Property development	HK\$2
Free Ocean Investments Limited	Property development	HK\$2
Full Union Development Limited	Property development	HK\$2
Get Rich Enterprises Limited (80% owned)	Property development	HK\$2
Glory Ocean Limited	Property development	HK\$2
Goodview Express Holdings Limited	Property trading	HK\$2
Grace Profit Enterprises Limited (70.04% owned)	Restaurant operation	HK\$2
Hoi Chak Properties Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$2
Honest Engineering Limited (80% owned)	Construction	HK\$100
Hugetop Holdings Limited	Property development	HK\$2
JBC Travel Company Limited (70.04% owned)	Travel agency	HK\$2,500,000
Kelpoint Limited	Property development	HK\$2
Mark Honour Limited (90% owned)	Property development	HK\$100
Master Asia Enterprises Limited	Property development	HK\$10,000
Mega Royal Limited	Property development	HK\$2
Perfect Wave Limited (70.04% owned)	Restaurant operation	HK\$2

Notes to the Accounts

35 Principal subsidiaries, jointly controlled entities and associated companies (continued)

Subsidiaries (continued)

Name	Principal activity	Issued and fully paid ordinary share capital except otherwise stated
Stone Pole Limited (70.04% owned)	Hotel holding	HK\$10
Tilpifa Company Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$10,000
Tonlok Limited	Property development	HK\$1,000
Trade Hope Limited	Property development	HK\$2
Union Rich Resources Limited (80% owned)	Property development	HK\$2
Vinstar Development Limited (70.04% owned)	Hotel holding	HK\$2
Waliway Limited	Property holding	HK\$100
Way Link Holdings Limited (90% owned)	Property trading	HK\$2
Winfast Engineering Limited	Construction	HK\$2
<i>Incorporated in Bermuda</i>		
Asia Standard Hotel Group Limited (70.04% owned)	Investment holding	HK\$101,042,000
<i>Incorporated in the British Virgin Islands</i>		
Bondax Holdings Limited	Investment holding	US\$1
Enrich Enterprises Ltd (70.04% owned)**	Hotel holding	US\$1
Global Gateway Corp. (70.04% owned)**	Hotel operation	US\$1
Glory Ventures Enterprises Inc. (70.04% owned)**	Hotel holding	US\$1
Greatime Limited (70.04% owned)	Securities Investment	US\$1
Master Venture Limited	Property development	US\$1
<i>Incorporated in the Cayman Islands</i>		
Asia Standard International Capital Limited *	Financing services	US\$2

* Direct subsidiary of the Company

** Operates in Canada

35 Principal subsidiaries, jointly controlled entities and associated companies (continued)**Jointly controlled entities**

(Unless indicated otherwise, they are all incorporated and operated in Hong Kong.)

Name	Principal activity	Issued and fully paid ordinary share capital except otherwise stated	Group equity interest
Goldmax International Limited (incorporated in the British Virgin Islands)	Investment holding	US\$1,000	50.1%
Grosvenor Asia Standard (China) Limited (incorporated in the British Virgin Islands)	Property development in the People's Republic of China (the "PRC")	US\$1,500	50%
Lucky New Investment Limited	Property development	HK\$1	50%
Ocean Champion Development Limited	Property development	HK\$10,000	50%
Paramount Shine Limited	Property development	HK\$2	50%
Sheenity Enterprises Limited	Property development	HK\$10,000	50%
Weststar Enterprises Limited	Property development	HK\$2	50.1%
Wideway Limited	Financing services	HK\$2	50%

Associated companies

(Unless indicated otherwise, they are all incorporated and operated in Hong Kong.)

Name	Principal activity	Issued and fully paid ordinary share capital except otherwise stated	Group equity interest
Gallop Worldwide Limited (incorporated in the British Virgin Islands)	Investment holding	US\$2	50%
Ocean Strong Industrial Limited	Property development	HK\$2	50%
Perfect Pearl Company Limited	Property investment	HK\$11,000	33%
Sheen Finance Limited	Financing services	HK\$2	50%
漁陽房地產開發(深圳)有限公司# (incorporated in the PRC)	Property development	RMB40,000,000	26.32%

Wholly owned Foreign Enterprise operates in the PRC

36 Approval of accounts

The accounts were approved by the Board of Directors on 19th July 2005.

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\$1,004 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$157 million totalling HK\$1,161 million as at 31st March 2005 which exceeds 8% of the Group's consolidated total 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 2005 HK\$'000	Group's attributable interest 2005 HK\$'000
Investment properties	950,000	313,500
Jointly controlled entities	84,470	42,235
Properties held for/under development for sale	866,596	387,954
Fixed assets	573	199
Deferred tax assets	7,186	3,593
Current assets	259,605	108,435
Current liabilities	(240,302)	(58,483)
Long term bank and other loans	(421,568)	(157,439)
Deferred tax liabilities	(10,195)	(4,851)
Minority interests	(17,613)	(8,807)
Shareholders' advance	(1,886,988)	(1,003,505)
	(408,236)	(377,169)

Extracts from the Audited Consolidated Accounts of Asia Standard Hotel Group Limited

Asia Standard Hotel Group Limited ("Asia Standard Hotel") is a principal subsidiary of the Company. It is incorporated in Bermuda and listed in Hong Kong and its subsidiaries are principally engaged in hotel and catering services, travel agency businesses and management services.

To provide shareholders with further information on the financial performance and position of Asia Standard Hotel, the following is a summary of the audited consolidated accounts of Asia Standard Hotel for the year ended 31st March 2005.

Consolidated profit and loss account

For the year ended 31st March

	2005	2004
	HK\$'000	HK\$'000
Turnover	569,248	425,966
Cost of sales	(388,016)	(307,429)
Gross profit	181,232	118,537
Administrative expenses	(84,279)	(76,626)
Other charges	(14,730)	(12,935)
Operating profit	82,223	28,976
Interest income	2,140	3,485
Net investment gain	58,601	807
Finance costs	(37,205)	(40,200)
Share of loss of an associated company	–	(712)
Profit/(loss) before taxation	105,759	(7,644)
Taxation	(20,863)	(4,323)
Profit/(loss) attributable to shareholders	84,896	(11,967)
Earnings/(loss) per share		
Basic	1.68 cent	(0.24) cent
Diluted	1.67 cent	N/A

Extracts from the Audited Consolidated Accounts of Asia Standard Hotel Group Limited

Consolidated balance sheet

As at 31st March 2005

	2005 HK\$'000	2004 HK\$'000
Fixed assets	3,313,996	3,169,702
Goodwill	13,188	27,918
Long term investment	–	1,601
Deferred tax assets	6,152	3,814
Current assets		
Inventories	2,690	2,615
Other investments	93,137	69,984
Debtors and prepayments	89,711	98,429
Tax recoverable	200	200
Bank balances and cash	64,972	13,794
	250,710	185,022
Current liabilities		
Creditors and accruals	47,585	45,510
Convertible notes	–	46,000
Current portion of long term liabilities	38,963	43,311
Taxation payable	10,973	370
Bank overdraft, unsecured	8,778	3,941
	106,299	139,132
Net current assets	144,411	45,890
	3,477,747	3,248,925
Financed by:		
Share capital	101,042	101,042
Reserves	2,122,435	1,905,400
Shareholders' funds	2,223,477	2,006,442
Long term liabilities	1,214,514	1,217,737
Deferred tax liabilities	39,756	24,746
	3,477,747	3,248,925