



# ASIA STANDARD INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code:129)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008

### FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended 30th September		
	2008	2007	Change
<b>Consolidated profit and loss account</b>			
Revenue	<b>462</b>	653	-29%
Operating profit	<b>111</b>	188	-41%
Profit attributable to shareholders of the Company	<b>100</b>	160	-38%
	<b>30th September 2008</b>	<b>31st March 2008</b>	
<b>Consolidated balance sheet</b>			
Net assets	<b>5,826</b>	5,801	-
Equity attributable to shareholders of the Company	<b>5,150</b>	5,111	+1%
Net debt	<b>1,283</b>	1,200	+7%
Supplementary information with hotel properties at valuation:			
Revalued net assets	<b>7,251</b>	7,378	-2%
Equity attributable to shareholders of the Company	<b>6,130</b>	6,194	-1%
Equity attributable to shareholders of the Company per share (HK\$)	<b>0.56</b>	0.57	-2%
Net debt to revalued net asset value (%)	<b>18%</b>	16%	+2%

The Directors of Asia Standard International Group Limited (the “Company”) announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2008 together with the comparative figures for the six months ended 30th September 2007 were as follows:

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED**

For the six months ended 30th September

	<i>Note</i>	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Turnover	2, 4	<b>467,777</b>	836,832
Revenue	2, 4	<b>461,821</b>	652,859
Cost of sales	4	<b>(241,558)</b>	(406,935)
Gross profit		<b>220,263</b>	245,924
Selling expenses		<b>(5,432)</b>	(8,116)
Administrative expenses		<b>(67,790)</b>	(73,899)
Other income and charges	3	<b>(36,092)</b>	24,187
Operating profit		<b>110,949</b>	188,096
Finance costs		<b>(16,352)</b>	(34,288)
Share of profits less losses of Jointly controlled entities Associated companies		<b>(1,196)</b> <b>12,537</b>	30 51,007
Profit before income tax		<b>105,938</b>	204,845
Income tax expense	5	<b>(6,577)</b>	(28,906)
Profit for the period		<b>99,361</b>	175,939
Attributable to:			
Shareholders of the Company		<b>99,870</b>	160,319
Minority interests		<b>(509)</b>	15,620
		<b>99,361</b>	175,939
Dividend	6	<b>11,211</b>	25,377
Earnings per share			
Basic	7	<b>HK 0.92 cent</b>	HK 2.26 cents
Diluted	7	<b>HK 0.92 cent</b>	HK 2.23 cents

**CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED**

	<i>Note</i>	<b>30th September 2008 HK\$'000</b>	<b>31st March 2008 HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		922,938	879,962
Investment properties		2,002,500	1,953,380
Leasehold land		1,725,574	1,738,896
Jointly controlled entities		520,242	506,539
Associated companies		665,617	665,572
Available-for-sale investments		337,126	326,656
Goodwill		5,103	5,103
Mortgage loans receivable		25,581	25,022
Deferred income tax assets		34,893	45,808
		<b>6,239,574</b>	<b>6,146,938</b>
<b>Current assets</b>			
Properties held for/under development for sale		391,939	898,242
Completed properties held for sale		755,981	217,402
Mortgage loans receivable		1,696	2,388
Hotel and restaurant inventories		2,201	2,268
Trade and other receivables	8	215,254	196,313
Financial assets at fair value through profit or loss		116,696	106,524
Derivative financial instruments		15,550	-
Income tax recoverable		1,086	566
Bank balances and cash		422,488	619,223
		<b>1,922,891</b>	<b>2,042,926</b>
<b>Current liabilities</b>			
Trade and other payables	9	198,734	115,330
Dividend payable		24,670	-
Amount due to an associated company		51,150	51,150
Derivative financial instruments		6,085	26,289
Warrant liabilities		9,351	19,654
Short term bank and other loans and overdrafts, secured		89,901	358,295
Short term bank loans, unsecured		3,734	20,000
Current portion of long term loans, secured		24,586	331,068
Amounts due to minority shareholders		115,675	114,071
Income tax payable		20,605	26,277
		<b>544,491</b>	<b>1,062,134</b>
Net current assets		<b>1,378,400</b>	<b>980,792</b>
Total assets less current liabilities		<b>7,617,974</b>	<b>7,127,730</b>
<b>Non-current liabilities</b>			
Warrant liabilities		5,436	16,909
Long term loans, secured		1,587,432	1,109,535
Deferred income tax liabilities		199,133	200,467
		<b>1,792,001</b>	<b>1,326,911</b>
Net assets		<b>5,825,973</b>	<b>5,800,819</b>
<b>Equity</b>			
Share capital		109,817	108,758
Reserves		5,040,608	5,002,488
Equity attributable to shareholders of the Company		<b>5,150,425</b>	<b>5,111,246</b>
Minority interests		675,548	689,573
		<b>5,825,973</b>	<b>5,800,819</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1 Basis of preparation

The unaudited condensed interim consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements for the year ended 31st March 2008.

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31st March 2008.

The following new interpretations have been published which are relevant to the Group’s operations and are mandatory for the Group’s accounting periods beginning on or after 1st April 2008 as follows:

HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has assessed the impact of the adoption of these interpretations and considered that there was no significant impact on the Group’s results and financial position and no substantial changes in the Group’s accounting policies.

Certain new standards, amendments and interpretations have been issued but not effective for the Group’s financial year beginning 1st April 2008 and have not been early adopted.

## 2 Turnover and segment information

Turnover comprises revenue from property sales and leasing, hotel and travel agency, management services, dividend and interest income, together with gross proceeds from investments. Revenue includes revenue from property sales and leasing, hotel and travel agency, management services, dividend and interest income, and net realised gains/losses on sale of financial assets at fair value through profit or loss.

An analysis of turnover, revenue and results of the Group by business segments and geographical segments is set out below:

### Business Segments

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Investment HK\$'000	Other operations HK\$'000	Group HK\$'000
<b>Six months ended 30th September 2008</b>						
<b>Turnover</b>	<b>81,602</b>	<b>36,314</b>	<b>326,197</b>	<b>14,429</b>	<b>9,235</b>	<b>467,777</b>
<b>Segment revenue</b>	<b><u>81,602</u></b>	<b><u>36,314</u></b>	<b><u>326,197</u></b>	<b><u>8,473</u></b>	<b><u>9,235</u></b>	<b><u>461,821</u></b>
<b>Contribution to segment results</b>	<b>32,175</b>	<b>34,955</b>	<b>88,005</b>	<b>8,473</b>	<b>9,235</b>	<b>172,843</b>
<b>Other income and charges</b>	<b>(1,161)</b>	<b>47,053</b>	<b>(32,568)</b>	<b>(96,824)</b>	<b>47,408</b>	<b>(36,092)</b>
<b>Unallocated corporate expenses</b>						<b><u>(25,802)</u></b>
<b>Operating profit</b>						<b>110,949</b>
<b>Finance costs</b>						<b>(16,352)</b>
<b>Share of results of</b>						
<b>Jointly controlled entities</b>	<b>(1,194)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>(1,196)</b>
<b>Associated companies</b>	<b>(1,764)</b>	<b>14,409</b>	<b>-</b>	<b>-</b>	<b>(108)</b>	<b><u>12,537</u></b>
<b>Profit before income tax</b>						<b>105,938</b>
<b>Income tax expense</b>						<b><u>(6,577)</u></b>
<b>Profit for the period</b>						<b><u>99,361</u></b>

## 2 Turnover and segment information (continued)

### Business Segments (continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Investment HK\$'000	Other operations HK\$'000	Group HK\$'000
Six months ended 30th September 2007						
Turnover	284,565	30,510	322,330	194,965	4,462	836,832
Segment revenue	<u>284,565</u>	<u>30,510</u>	<u>322,330</u>	<u>10,992</u>	<u>4,462</u>	<u>652,859</u>
Contribution to segment results	60,370	28,378	83,430	10,992	4,462	187,632
Other income and charges	(4,661)	40,207	(56,678)	22,282	23,037	24,187
Unallocated corporate expenses						<u>(23,723)</u>
Operating profit						188,096
Finance costs						(34,288)
Share of results of						
Jointly controlled entities	36	-	-	-	(6)	30
Associated companies	(4,308)	55,716	-	-	(401)	<u>51,007</u>
Profit before income tax						204,845
Income tax expense						<u>(28,906)</u>
Profit for the period						<u>175,939</u>

### Geographical segments

	Turnover HK\$'000	Segment revenue HK\$'000	Operating Profit HK\$'000
<b>2008</b>			
Hong Kong	400,311	394,355	88,639
Mainland China	4,136	4,136	1,289
Canada	<u>63,330</u>	<u>63,330</u>	<u>21,021</u>
	<u>467,777</u>	<u>461,821</u>	<u>110,949</u>
<b>2007</b>			
Hong Kong	768,426	584,453	166,189
Mainland China	4,436	4,436	1,055
Canada	<u>63,970</u>	<u>63,970</u>	<u>20,852</u>
	<u>836,832</u>	<u>652,859</u>	<u>188,096</u>

### 3 Other income and charges

	Six months ended 30th September	
	2008 HK\$'000	2007 HK\$'000
Surplus on revaluation of investment properties	47,053	36,350
Depreciation	(22,859)	(23,557)
Amortisation of leasehold land	(14,838)	(15,887)
Net fair value (loss)/gain on financial assets at fair value through profit or loss	(64,068)	22,282
Impairment of available-for-sale investments	(32,756)	-
Write-back of provision for diminution in value of properties held for sale	3,500	3,857
Net fair value gains/(losses) on warrant liabilities	47,876	(8,146)
Share option expense of a listed subsidiary	-	(22,400)
Negative goodwill on acquiring additional interest in a listed subsidiary	-	31,688
	<u>(36,092)</u>	<u>24,187</u>

### 4 Income and expenses by nature

	Six months ended 30th September	
	2008 HK\$'000	2007 HK\$'000
<b>Income</b>		
Interest income	8,991	4,461
Dividend income	7,969	212
	<u>                    </u>	<u>                    </u>
<b>Expenses</b>		
Operating lease rental expenses for land and buildings	3,167	3,209
Cost of properties and goods sold	170,614	332,443
	<u>                    </u>	<u>                    </u>

## 5 Income tax expense

	Six months ended 30th September	
	2008 HK\$'000	2007 HK\$'000
Current income tax		
Hong Kong profits tax	-	(4,404)
Over/(under) provisions in prior years	<u>5,672</u>	<u>(4,464)</u>
	<b>5,672</b>	<b>(8,868)</b>
Deferred income tax	<u>(12,249)</u>	<u>(20,038)</u>
	<b>(6,577)</b>	<b>(28,906)</b>

In 2008, the Hong Kong government enacted a change in profits tax rate from 17.5% to 16.5% for fiscal year of 2008/2009. No Hong Kong profits tax for the current period has been provided as the Group had sufficient tax losses brought forward to set off against the estimated assessable profit in current period (2007: Hong Kong profits tax was provided at the rate of 17.5% on the estimated assessable profit for the period). No provision for overseas and Mainland China taxation has been made as there are no assessable profits for the period (2007: Nil).

Share of income tax of jointly controlled entities and associated companies for the period of credit of HK\$226,000 (2007: charge of HK\$7,000) and charge of HK\$1,354,000 (2007: HK\$11,851,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

## 6 Dividend

	Six months ended 30th September	
	2008 HK\$'000	2007 HK\$'000
Interim dividend of HK0.10 cent (2007: HK0.35 cent) per share	<u>11,211</u>	<u>25,377</u>

At a meeting held on 11th December 2008, the Board of Directors recommended to pay an interim dividend of HK0.10 cent per share in scrip. The interim dividend is not reflected in the interim financial information, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2009.

The amount HK\$11,210,674 is based on 11,210,674,162 issued shares as at 11th December 2008.

## 7 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$99,870,000 (2007: HK\$160,319,000) and divided by the weighted average number of 10,890,255,182 (2007: 7,101,071,001) shares in issue during the year.

In 2008, the Company and its listed subsidiary's outstanding share options and warrants did not have a dilutive effect on the earnings per share.

The calculation of diluted earnings per share for the six months ended 30th September 2007 was based on HK\$161,014,000 equalling to the profit attributable to shareholders of the Company of HK\$160,319,000 plus after tax interest saving of HK\$695,000 and 7,207,101,447 shares equalling to the weighted average number of 7,101,071,001 shares in issue during the year plus 106,030,446 potential shares deemed to be in issue assuming the convertible notes had been converted. The Company and its listed subsidiary's

outstanding share options and warrants did not have a dilutive effect on the earnings per share.

## 8 Trade and other receivables

Trade and other receivables of the Group include trade receivables, utility and other deposits, stakeholders' accounts, interest and other receivable.

Trade receivables of the Group amounted to HK\$88,967,000 (2008: HK\$57,418,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

Aging analysis of trade receivables net of provision for impairment is as follows:

	<b>30th September 2008 HK\$'000</b>	31st March 2008 HK\$'000
0 day to 60 days	<b>86,850</b>	56,321
61 days to 120 days	<b>1,725</b>	1,082
More than 120 days	<b>392</b>	15
	<b>88,967</b>	57,418

## 9 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, interest and other payables, retentions payable of construction costs and various accruals. Trade payables of the Group amounted to HK\$64,579,000 (2008: HK\$23,870,000).

Aging analysis of trade payables is as follows:

	<b>30th September 2008 HK\$'000</b>	31st March 2008 HK\$'000
0 day to 60 days	<b>64,364</b>	23,524
61 days to 120 days	<b>90</b>	33
More than 120 days	<b>125</b>	313
	<b>64,579</b>	23,870

## 10 Comparative figures

Certain comparative figures have been restated to conform with the current period's presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

The Group recorded a revenue of HK\$462 million (2007: HK\$653 million) with profit attributable to shareholders amounting to HK\$100 million (2007: HK\$160 million), decreased by 29% and 38% respectively. The decrease is attributed to lesser property sales and profit contribution from hotel subsidiary in this period.

### **PROPERTIES SALES, DEVELOPMENT AND LEASING**

Property sales for the six months amounted to HK\$82 million, attributed to the inventory sale of residential units, and the launch of Jadewater, a 150,000 sq. ft. residential development at Aberdeen. This segment contributed HK\$32 million to operating profit for the period as compared to HK\$60 million of last interim period and a turnover of HK\$285 million.

Jadewater, completed in September 2008, was launched for sale in June 2008. Sales will continue subject to a more favourable environment.

The superstructure construction of the Castle Peak Road joint venture residential development is progressing with completion scheduled in mid 2009. This 200,000 sq. ft. GFA development is built to a luxurious premium standard. Presale consent is being applied.

Currently the Group holds approximately 0.8 million square feet attributable GFA of properties under development in Hong Kong. In addition, the Group has an investment of approximately 2 million square feet GFA residential/commercial development in Beijing under progress to obtain planning parameters. The Group has a 44% interest.

Rental income attributable to the Group was approximately HK\$44 million, compared to HK\$37 million of last interim period. Rental income of Asia Standard Tower increased by 14% and that of Asia Orient Tower increased by 30% compared to last interim period, resulting from increased unit rent upon tenancy renewals since last interim period. Average occupancy of the two properties approximates 89%. Revaluation surplus totaling HK\$44 million (net of deferred tax) was recorded for the period.

### **HOTEL**

The hotel group had a strong performance during this period by achieving roughly similar level of revenue at HK\$334 million and gross operating profit of HK\$96 million. However, its results was diluted by unrealised loss from its financial asset investment, giving a HK\$2 million net profit for the period compared with HK\$42 million of last period.

The hotel group's new 280 rooms boutique style hotel in Causeway Bay is approaching completion and scheduled for partial opening in January 2009. Another expansion program of 28 rooms to Empire Kowloon Hotel will also be completed by January 2009.

## **FINANCIAL REVIEW**

At 30th September 2008, the Group's total asset was approximately HK\$8.2 billion, same as last financial year end. The net asset of HK\$5.8 billion was roughly the same for both dates. Adopting market value of hotel properties, the revalued net assets of the Group would be HK\$7.2 billion at 30th September 2008.

Net borrowings stood at HK\$1.3 billion at period end, including HK\$1.0 billion which belonged to the separately listed hotel group. Net debt to revalued net asset value is approximately 18% (31st March 2008: 16%). Finance costs have reduced by 53% due to reduced market interest rates when comparing the two interim periods.

About 90% of the Group's borrowings are in Hong Kong dollar. All the debts are at floating rates. Interest rate level is managed through interest rate swaps. As at 30th September 2008, about one third of the total bank loans were hedged by these swaps. The maturity of our debts spread over a long period of up to fifteen years, with approximately 7% repayable within one year while 67% repayable after five years.

As at 30th September 2008, assets with an aggregate net book value of HK\$5,542 million (31st March 2008: HK\$5,496 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\$232 million (31st March 2008: HK\$198 million).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30th September 2008, the Group employed 490 employees and approximate 91% worked for the separately listed hotel subgroup. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and experience level.

## **FUTURE OUTLOOK**

Hong Kong property market is not immune from the global economic downturn triggered by a series of financial melt down across developed economies. As such the environment facing Hong Kong ahead will be very challenging.

The Group nevertheless is well defended by the relatively low debt exposure, and management is taking very cautious approaches to investment undertakings and only to seize opportunities upon market weakness.

## **INTERIM DIVIDEND**

The Directors recommend an interim dividend for the six months ended 30th September 2008 of HK0.10 cent (2007: HK0.35 cent per share) per share in scrip to shareholders whose names appear on the Company's Register of Members on 16th January 2009 ("Record Date") ("Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to 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, and is expected to be paid on or around 6th February 2009. 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 in the Stock Exchange for the three trading days prior to and including the Record Date.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Wednesday, 14th January 2009 to Friday, 16th January 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overlaid or separately must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 13th January 2009.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the period, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted its own Code of Conduct for Securities Transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10) of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules"). The Company has also made specific enquiry to the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its Code of Conduct for Securities Transactions by Directors.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the period, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for the deviation from code provision A.4.1 which stated that non-executive directors should be appointed for a specific term, subject to re-election. All non-executive director and independent non-executive directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company.

## AUDIT COMMITTEE

The Audit Committee members are Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung, Richard and Mr. Wong Chi Keung. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The unaudited interim report of the Group for the six months ended 30th September 2008 have been reviewed by the Audit Committee.

By Order of the Board  
**Fung Siu To, Clement**  
*Chairman*

Hong Kong, 11th December 2008

*As at the date of this announcement, the executive directors of the Company are Mr. Fung Siu To, Clement, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan, Mr. Kwan Po Lam, Phileas and Mr. Loup, Nicholas James, the non-executive director is Mr. Au Yat Chuen, Raymond and the independent non-executive directors are Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung, Richard and Mr. Wong Chi Keung.*