



# ASIA STANDARD INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 129)

## ANNOUNCEMENT OF INTERIM RESULTS SIX MONTHS ENDED 30TH SEPTEMBER 2007

### FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended 30th September		Change
	2007	2006	
<b>Consolidated profit and loss account</b>			
Revenue	<b>642</b>	400	+61%
Operating profit	<b>188</b>	132	+43%
Profit attributable to shareholders of the Company	<b>160</b>	55	+191%
Earnings per share – basic (HK cents)	<b>2.26</b>	1.04	+117%
Dividend per share (HK cent)	<b>0.35</b>	0.35	-
	<b>30th September 2007</b>	31st March 2007	
<b>Consolidated balance sheet</b>			
Net assets	<b>4,840</b>	4,736	+2%
Equity attributable to shareholders of the Company	<b>4,158</b>	4,004	+4%
Net debt	<b>1,307</b>	1,510	-13%
Supplementary information with hotel properties at valuation:			
Revalued net assets	<b>6,396</b>	6,205	+3%
Equity attributable to shareholders of the Company	<b>5,190</b>	4,923	+5%
Equity attributable to shareholders of the Company per share (HK\$)	<b>0.72</b>	0.71	+1%
Net debt to revalued net asset value (%)	<b>20%</b>	24%	-17%

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 2007 together with the comparative figures for the six months ended 30th September 2006 were as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	<b>2007</b> <b>HK\$'000</b>	2006 HK\$'000
Revenue	2, 4	<b>642,079</b>	399,635
Cost of sales	4	<b>(406,935)</b>	(235,391)
Gross profit		<b>235,144</b>	164,244
Selling expenses		<b>(8,116)</b>	(536)
Administrative expenses	4	<b>(73,899)</b>	(64,397)
Other income and charges	3	<b>34,967</b>	32,573
Operating profit		<b>188,096</b>	131,884
Finance costs	5	<b>(34,288)</b>	(63,641)
Share of profits less losses of Jointly controlled entities Associated companies		<b>30</b> <b>51,007</b>	1,404 12,845
Profit before income tax		<b>204,845</b>	82,492
Income tax expense	6	<b>(28,906)</b>	(20,316)
Profit for the period		<b>175,939</b>	62,176
Attributable to:			
Shareholders of the Company		<b>160,319</b>	54,637
Minority interests		<b>15,620</b>	7,539
		<b>175,939</b>	62,176
Dividend	7	<b>25,377</b>	23,947
Earnings per share			
Basic	8	<b>HK2.26 cents</b>	HK1.04 cents
Diluted	8	<b>HK2.23 cents</b>	HK1.03 cents

## CONSOLIDATED BALANCE SHEET - UNAUDITED

	<i>Note</i>	<b>30th September 2007 HK\$'000</b>	<b>31st March 2007 HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		892,692	868,125
Investment properties		1,812,500	1,776,150
Leasehold land		1,754,316	1,765,542
Jointly controlled entities		234,088	228,900
Associated companies		556,098	504,997
Goodwill		8,651	8,651
Mortgage loans receivable		13,642	10,647
Deferred income tax assets		51,549	64,517
		<b>5,323,536</b>	<b>5,227,529</b>
<b>Current assets</b>			
Property held for/under development for sale		834,993	796,759
Completed properties held for sale		264,525	463,471
Mortgage loans receivable		1,838	339
Hotel and restaurant inventories		2,382	2,190
Trade and other receivables	9	239,763	178,148
Financial assets at fair value through profit or loss		136,498	67,318
Derivative financial instruments		3,484	6,156
Income tax recoverable		3	507
Bank balances and cash		204,622	221,346
		<b>1,688,108</b>	<b>1,736,234</b>
<b>Current liabilities</b>			
Trade and other payables	10	124,552	144,453
Dividend payable		35,871	-
Amount due to an associated company		51,150	51,150
Derivative financial instruments		2,107	2,717
Warrant liabilities		92,545	-
Short term bank loans and overdrafts, secured		83,713	186,000
Current portion of long term bank loans, secured		17,970	14,073
Amounts due to minority shareholders		112,161	109,964
Income tax payable		29,907	21,067
		<b>549,976</b>	<b>529,424</b>
<b>Net current assets</b>		<b>1,138,132</b>	<b>1,206,810</b>
<b>Total assets less current liabilities</b>		<b>6,461,668</b>	<b>6,434,339</b>
<b>Non-current liabilities</b>			
Convertible notes		-	89,768
Warrant liabilities		37,616	-
Long term bank loans, secured		1,410,031	1,441,175
Deferred income tax liabilities		174,378	167,763
		<b>1,622,025</b>	<b>1,698,706</b>
<b>Net assets</b>		<b>4,839,643</b>	<b>4,735,633</b>
<b>Equity</b>			
Share capital		71,851	69,173
Reserves		4,086,324	3,935,050
Equity attributable to shareholders of the Company		<b>4,158,175</b>	<b>4,004,223</b>
Minority interests		<b>681,468</b>	<b>731,410</b>
		<b>4,839,643</b>	<b>4,735,633</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 2007.

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 2007. In addition, the following accounting policy is adopted:

Warrant liabilities are initially recognised at fair value on the date of grant and are subsequently remeasured at fair value. Changes in the fair value of warrant liabilities are recognised immediately in the profit and loss account.

The following new standards, amendments and interpretations to existing standards 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 2007 as follows:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK (IFRIC) – Int 8	Scope of HKFRS 2
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 10	Interim Reporting and Impairment
HK (IFRIC) – Int 11	HKFRS 2 - Group and Treasury Share Transactions
HKFRS 7	Financial Instruments: Disclosures

The adoption of the above standards, amendments and interpretations does not have substantial changes to the Group’s accounting policies and presentation of the financial statements, except that additional disclosures required under HKAS 1 (Amendment) and HKFRS 7 will be made in the 2008 annual financial statements.

## 2 Revenue and segment information

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

### *Business segments*

	<b>Property sales HK\$'000</b>	<b>Property leasing HK\$'000</b>	<b>Hotel and travel HK\$'000</b>	<b>Other operations HK\$'000</b>	<b>Group HK\$'000</b>
<b>Six months ended 30th September 2007</b>					
<b>Segment revenue</b>	<b>284,565</b>	<b>30,510</b>	<b>322,330</b>	<b>4,674</b>	<b>642,079</b>
<b>Contribution to segment results</b>	<b>60,370</b>	<b>28,378</b>	<b>83,430</b>	<b>4,674</b>	<b>176,852</b>
<b>Other income / (charges)</b>	<b>(4,661)</b>	<b>40,207</b>	<b>(56,678)</b>	<b>56,099</b>	<b>34,967</b>
<b>Unallocated corporate expenses</b>					<b>(23,723)</b>
<b>Operating profit</b>					<b>188,096</b>
<b>Finance costs</b>					<b>(34,288)</b>
<b>Share of results of</b>					
<b>Jointly controlled entities</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>30</b>
<b>Associated companies</b>	<b>(4,308)</b>	<b>55,716</b>	<b>-</b>	<b>(401)</b>	<b>51,007</b>
<b>Profit before income tax</b>					<b>204,845</b>
<b>Income tax expense</b>					<b>(28,906)</b>
<b>Profit for the period</b>					<b>175,939</b>
<b>Six months ended 30th September 2006</b>					
<b>Segment revenue</b>	<b>55,984</b>	<b>27,019</b>	<b>310,795</b>	<b>5,837</b>	<b>399,635</b>
<b>Contribution to segment results</b>	<b>3,356</b>	<b>24,770</b>	<b>87,272</b>	<b>5,837</b>	<b>121,235</b>
<b>Other income / (charges)</b>	<b>(4,661)</b>	<b>94,280</b>	<b>(34,186)</b>	<b>(22,860)</b>	<b>32,573</b>
<b>Unallocated corporate expenses</b>					<b>(21,924)</b>
<b>Operating profit</b>					<b>131,884</b>
<b>Finance costs</b>					<b>(63,641)</b>
<b>Share of results of</b>					
<b>Jointly controlled entities</b>	<b>1,412</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>1,404</b>
<b>Associated companies</b>	<b>(1,667)</b>	<b>15,176</b>	<b>-</b>	<b>(664)</b>	<b>12,845</b>
<b>Profit before income tax</b>					<b>82,492</b>
<b>Income tax expense</b>					<b>(20,316)</b>
<b>Profit for the period</b>					<b>62,176</b>

### *Geographical segments*

The activities of the Group are mainly based in Hong Kong. A summary of geographical segments is set out as follows:

	Six months ended 30th September			
	Segment revenue		Operating profit	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	573,673	335,262	166,189	111,226
Mainland China	4,436	4,897	1,055	1,329
Canada	63,970	59,476	20,852	19,329
	<u>642,079</u>	<u>399,635</u>	<u>188,096</u>	<u>131,884</u>

### 3 Other income and charges

	Six months ended 30th September	
	2007	2006
	HK\$'000	HK\$'000
Surplus on revaluation of investment properties	36,350	94,280
Depreciation	(23,557)	(24,489)
Amortisation of leasehold land	(15,887)	(14,838)
Net fair value gains/(losses) on financial assets at fair value through profit or loss	33,062	(22,380)
Net fair value loss on warrant liabilities	(8,146)	-
Write back of provision for diminution in value of completed properties held for sale	3,857	-
Negative goodwill on acquiring additional interest in a listed subsidiary	31,688	-
Share option expense of a listed subsidiary	(22,400)	-
	<u>34,967</u>	<u>32,573</u>

### 4 Income and expenses by nature

	Six months ended 30th September	
	2007	2006
	HK\$'000	HK\$'000
<b>Income</b>		
Interest income	4,461	5,404
Dividends from listed financial assets at fair value through profit or loss	212	103
	<u>4,673</u>	<u>5,507</u>
<b>Expenses</b>		
Operating lease rental expenses for properties	3,209	2,594
Cost of properties and inventories sold	213,930	66,381
	<u>217,139</u>	<u>68,975</u>

## 5 Finance costs

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Interest expense		
Long term bank loans	38,999	46,884
Convertible bonds	-	8,833
Convertible notes	842	2,104
Amount due to minority shareholder of a subsidiary	2,197	2,257
Short term bank loans and overdrafts	3,193	3,591
Fair value (gain)/loss on interest rate swaps	(1,558)	8,313
	<u>43,673</u>	<u>71,982</u>
Capitalised as cost of properties under development		
Interest expense	(9,385)	(8,341)
	<u>34,288</u>	<u>63,641</u>

## 6 Income tax expense

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Current income tax		
Hong Kong profits tax	(4,404)	-
(Under)/over provisions in prior years	(4,464)	2,688
	<u>(8,868)</u>	<u>2,688</u>
Deferred income tax	(20,038)	(23,004)
	<u>(28,906)</u>	<u>(20,316)</u>

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the period. No Hong Kong profits tax was provided in the prior period as the Group had no assessable profit in that period. No overseas income tax has been made as the Group has no assessable profit for the period (2006: nil).

Share of income tax of jointly controlled entities and associated companies for the six months ended 30th September 2007 of HK\$7,000 (2006: HK\$6,000) and HK\$11,851,000 (2006: HK\$3,219,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

## 7 Dividend

	Six months ended 30th September	
	2007	2006
	HK\$'000	HK\$'000
Interim dividend of HK0.35 cent (2006: HK 0.35 cent) per share	<u>25,377</u>	<u>23,947</u>

At a meeting held on 21st December 2007, the Board of Directors has declared to pay an interim dividend of HK 0.35 cent per share. The interim dividend is not reflected in the interim financial information, but will be reflected as an appropriation of revenue reserve in the year ended 31st March 2008.

The amount HK\$25,377,000 is based on 7,250,458,355 issued shares as at 21st December 2007.

## 8 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$160,319,000 (2006: HK\$54,637,000) and divided by the weighted average of 7,101,071,001 (2006: 5,234,757,852 shares, adjusted for the effect of the rights issue in November 2006) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2007 is 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 period plus 106,030,446 potential shares deemed to be in issue assuming the convertible notes had been converted throughout the period. The outstanding share options and warrants of the Company and its listed subsidiary, Asia Standard Hotel Group Limited, 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 2006 was based on HK\$56,373,000 equalling to profit attributable to shareholders of the Company of HK\$54,637,000 plus after tax interest saving of HK\$1,736,000 and 5,487,919,445 shares equalling to the weighted average number of 5,234,757,852 (adjusted for the effect of the rights issue in November 2006) shares in issue during the period plus 253,161,593 potential shares deemed to be in issue assuming the convertible notes had been converted.



## 9 Trade and other receivables

Trade receivables of the Group amounted to HK\$129,389,000 (31st March 2007: HK\$121,552,000). 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 of doubtful debts is as follows:

	<b>30th September 2007 HK\$'000</b>	31st March 2007 HK\$'000
0 day to 60 days	<b>124,398</b>	118,831
61 days to 120 days	<b>1,132</b>	2,071
More than 120 days	<b>3,859</b>	650
	<b>129,389</b>	121,552

## 10 Trade and other payables

Trade payables of the Group amounted to HK\$25,152,000 (31st March 2007: HK\$34,318,000).

Aging analysis of trade payables is as follows:

	<b>30th September 2007 HK\$'000</b>	31st March 2007 HK\$'000
0 day to 60 days	<b>24,734</b>	33,614
61 days to 120 days	<b>37</b>	406
More than 120 days	<b>381</b>	298
	<b>25,152</b>	34,318

## 11 Comparative figures

Certain comparative figures have been reclassified to conform to current period's presentation.

## 12 Subsequent event

On 8th October 2007, the Group entered into an agreement to acquire a 44% effective indirect interest in a development site in Beijing, PRC for a consideration of HK\$153.3 million. The land will be developed into a large residential and commercial complex of approximate 188,000 square meters gross floor area. Consideration payments are by installments with completion of the acquisition not later than 120 days from date of the agreement upon fulfillment of certain conditions.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results**

The Group recorded a profit attributable to shareholders of HK\$160 million, compared to HK\$55 million profit of last interim period. Turnover amounted to HK\$642 million while last period was HK\$400 million, increasing 191% and 61% respectively.

The Board of Directors declared an interim dividend of HK 0.35 cent (2006: HK 0.35 cent) per share.

### **Properties sales, development and leasing**

Turnover from property sales amounted to HK\$285 million, mainly from the continuing sale of Canaryside residential development, 28 Marble Road office and other residential inventory. Contribution to operating profit increased to HK\$60 million compared with HK\$3 million of last interim period.

Construction for the residential development projects in Aberdeen and Castle Peak Road is well underway, providing a combined GFA of approximately 350,000 square feet. Presale consent for the Aberdeen project is under progress and estimated revenue will be about HK\$1 billion. Presale consent for Castle Peak Road joint venture project is also under progress and estimated revenue will be approximately HK\$2 billion.

Currently the Group holds nearly 1 million square feet GFA of properties under development in Hong Kong. The Group has also invested in an approximately 2 million square feet residential/commercial development project in Beijing. This is a rare waterfront project with potential revenue of about 2.2 billion Yuan.

Rental income attributable to the Group was approximately HK\$37 million with average occupancy of 93%. Our leasing income increases comparing to last interim period despite that we have sold an office tower out of our investment portfolio late last financial year. Rental income of Asia Standard Tower increased by 90% and that of Asia Orient Tower increased by 25% compared to last interim period, resulting from increased unit rent upon tenancy renewals.

### **Hotel**

The group has converted all the convertible bonds of the hotel subsidiary, thereby increased our shareholdings from 62.8% to 67% during the six months interim period. Overall, the Hotel group increased its six months profit by 1.5 times to HK\$42 million compared to HK\$17 million of last interim period.

The new hotel in Causeway Bay was undergoing a conversion program and will evolve into a 280 rooms boutique style hotel with estimated completion towards end 2008. Another expansion program for adding 21 rooms to Empire Kowloon Hotel is also on the way. Renovation plan is also under consideration for Vancouver Empire Hotel.

### **Financial review**

At 30th September 2007 and 31st March 2007, the Group's total assets stood at HK\$7 billion and the net assets amounted to HK\$4.8 billion. Adopting market value of hotel properties, the revalued net assets of the Group would be HK\$6.4 billion at 30th September 2007 and HK\$6.2 billion at 31st March 2007.

Net borrowings decreased by HK\$0.2 billion to HK\$1.3 billion from 31st March 2007. The net borrowings include HK\$0.6 billion which belonged to the separately listed hotel group. Net debt to revalued net asset value is approximately 20% (31st March 2007: 24%).

During the six months, the group's equity was increased by HK\$75 million upon conversion of its convertible notes, with the remaining HK\$19 million fully redeemed.

About 89% of the Group's borrowings are in Hong Kong dollar, with the rest mainly in Canadian dollar which is borrowed by the Empire Landmark Hotel in Vancouver. All the debts are at floating rates. Interest rate risk is mitigated through the entering into of interest rate swaps. As at 30th September 2007, about 40% 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, and approximately 63% were repayable after five years.

As at 30th September 2007, assets with an aggregated net book value of HK\$5,306 million (31st March 2007: HK\$5,351 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\$248 million (31st March 2007: HK\$235 million).

### **Employees and remuneration policies**

As at 30th September 2007, the Group employed 439 employees and approximate 90% worked for the separately listed hotel subgroup. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefit are commensurate with their job nature and experience level.

### **Future prospects**

The prospects of Hong Kong property market look extremely bright. Land sale results were encouraging, value hedging aspirations, falling unemployment rate, rising salary expectation, all these means increasing the housing demand. 2008 will be another year of relatively low supply of housing and could be very favorable for price rises.

Tourism looks favorable for Olympic Games, robust Mainland economy and Macau gaming attractions. The Hotel Group should perform well from these benefits.

We hold the view that Mainland economy is in a very long term very positive and we are therefore actively identifying opportunities in China, Macau and Hong Kong.

### **INTERIM DIVIDEND**

The Board of Directors has declared to pay to shareholders whose names appear on Register of Members of the Company on Wednesday, 16th January 2008 ("Record Date") interim dividend of HK 0.35 cent (2006: HK0.35 cent) per share. The interim dividend will be paid on or about Monday, 4th February 2008.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Monday, 14th January 2008 to Wednesday, 16th January 2008, 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 overleaf or separately must be lodged with the Company's Hong Kong Branch 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 4:00 p.m. on Friday, 11th January 2008.

## **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 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 Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules").

## **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 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.

## **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 financial report of the Group for the six months ended 30th September 2007 has been reviewed by the Audit Committee.

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

Hong Kong, 21st December 2007

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