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## ASIA STANDARD INTERNATIONAL GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code:129)**

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2009

<b>FINANCIAL HIGHLIGHTS</b>	<b>2009</b>	<b>2008</b>	<b>Change</b>
<i>(In HK\$ million, except otherwise indicated)</i>			
Revenue	<b>855</b>	1,084	-21%
Operating (loss)/profit	<b>(315)</b>	485	N/A
(Loss)/profit attributable to shareholders of the Company	<b>(381)</b>	471	N/A
Net assets	<b>5,276</b>	5,801	-9%
Equity attributable to shareholders of the Company	<b>4,670</b>	5,111	-9%
Net debt	<b>2,073</b>	1,200	+73%
Supplementary information with hotel properties at valuation:			
Revalued net assets	<b>6,757</b>	7,378	-8%
Equity attributable to shareholders of the Company	<b>5,687</b>	6,194	-8%
Equity attributable to shareholders of the Company per share (HK\$)	<b>0.50</b>	0.57	-12%
Net debt to revalued net asset value (%)	<b>31%</b>	16%	+15%

The Directors of Asia Standard International Group Limited (the “Company”) announce that the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2009 together with the comparative figures for the year ended 31st March 2008 were as follows:

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2009

	<i>Note</i>	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Revenue	3, 5	<b>855,413</b>	1,084,257
Cost of sales	5	<b>(439,672)</b>	(659,130)
Gross profit		<b>415,741</b>	425,127
Selling and administrative expenses		<b>(154,900)</b>	(154,893)
Depreciation and amortisation		<b>(75,577)</b>	(76,996)
Other income and charges	4	<b>(499,937)</b>	292,131
Operating (loss)/profit		<b>(314,673)</b>	485,369
Finance costs		<b>(55,526)</b>	(75,581)
Share of profits less losses of Jointly controlled entities Associated companies		<b>(9,197)</b>	477
		<b>(83,243)</b>	148,232
(Loss)/profit before income tax		<b>(462,639)</b>	558,497
Income tax credit/(expense)	6	<b>6,242</b>	(53,956)
(Loss)/profit for the year		<b>(456,397)</b>	504,541
Attributable to:			
Shareholders of the Company		<b>(381,303)</b>	471,471
Minority interests		<b>(75,094)</b>	33,070
		<b>(456,397)</b>	504,541
Dividends	7	<b>11,211</b>	47,129
(Loss)/earnings per share (HK cents)			
Basic	8	<b>(3.44)</b>	6.35
Diluted	8	<b>(3.44)</b>	6.31

# CONSOLIDATED BALANCE SHEET

As at 31st March 2009

	<i>Note</i>	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		940,979	879,962
Investment properties		1,849,000	1,953,380
Leasehold land		1,712,251	1,738,896
Jointly controlled entities		524,965	506,539
Associated companies		565,343	665,572
Available-for-sale investments		186,830	326,656
Goodwill		5,103	5,103
Mortgage loans receivable		24,747	25,022
Deferred income tax assets		35,239	45,808
		<b>5,844,457</b>	<b>6,146,938</b>
<b>Current assets</b>			
Properties under development for sale		400,768	898,242
Completed properties held for sale		698,709	217,402
Mortgage loans receivable		1,874	2,388
Hotel and restaurant inventories		2,160	2,268
Trade and other receivables	9	232,958	196,313
Financial assets at fair value through profit or loss		693,075	106,524
Derivative financial instruments		13,429	-
Income tax recoverable		79	566
Bank balances and cash		244,783	619,223
		<b>2,287,835</b>	<b>2,042,926</b>
<b>Current liabilities</b>			
Trade and other payables	10	137,497	115,330
Amount due to an associated company		51,150	51,150
Derivative financial instruments		22,344	26,289
Warrant liabilities		8,481	19,654
Short term borrowings		415,011	378,295
Current portion of long term borrowings		42,230	331,068
Amounts due to minority shareholders		105,303	114,071
Income tax payable		28,743	26,277
		<b>810,759</b>	<b>1,062,134</b>
Net current assets		<b>1,477,076</b>	<b>980,792</b>
Total assets less current liabilities		<b>7,321,533</b>	<b>7,127,730</b>
<b>Non-current liabilities</b>			
Warrant liabilities		7,893	16,909
Long term borrowings		1,860,196	1,109,535
Deferred income tax liabilities		177,779	200,467
		<b>2,045,868</b>	<b>1,326,911</b>
Net assets		<b>5,275,665</b>	<b>5,800,819</b>
<b>Equity</b>			
Share capital		113,664	108,758
Reserves		4,556,311	5,002,488
Equity attributable to shareholders of the Company		<b>4,669,975</b>	<b>5,111,246</b>
Minority interests		605,690	689,573
		<b>5,275,665</b>	<b>5,800,819</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, available-for-sale investments, financial assets at fair value through profit or loss, warrant liabilities and derivative financial instruments, which are carried at fair value, and in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### **2 The adoption of new/revised HKFRS**

During the year, the Group adopted HKAS 39 & HKFRS 7 (Amendments) “Reclassification of Financial Assets” which are relevant to its operations.

The adoption of HKAS 39 and HKFRS 7 (Amendments) resulted in the reclassification of certain financial assets at fair value through profit or loss to available-for-sale investments. These amendments are effective prospectively from 1st July 2008 and the effect is further disclosed in the annual report.

### 3 Turnover and segment information

Revenue includes revenue from property sales and leasing, hotel and travel agency, management services and interest income and dividend income. Turnover comprises all these revenue together with gross proceeds from disposal 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	Property leasing and travel	Hotel and travel	Investments	Others	Group
<b>2009 (in HK\$'000)</b>						
Turnover	144,188	73,331	577,666	70,282	12,017	877,484
Segment revenue	<u>144,188</u>	<u>73,331</u>	<u>577,666</u>	<u>48,211</u>	<u>12,017</u>	<u>855,413</u>
Contribution to segment results	51,376	71,137	131,785	48,211	12,017	314,526
Depreciation and amortisation	(9,321)	-	(65,320)	-	(936)	(75,577)
Other income and charges	<u>(5,500)</u>	<u>(109,054)</u>	<u>-</u>	<u>(431,672)</u>	<u>46,289</u>	<u>(499,937)</u>
Segment results	36,555	(37,917)	66,465	(383,461)	57,370	(260,988)
Unallocated corporate expenses						<u>(53,685)</u>
Operating loss						(314,673)
Finance costs						(55,526)
Share of profits less losses of						
Jointly controlled entities	(9,194)	-	-	-	(3)	(9,197)
Associated companies	(45,169)	(37,856)	-	-	(218)	<u>(83,243)</u>
Loss before income tax						(462,639)
Income tax credit						<u>6,242</u>
Loss for the year						<u>(456,397)</u>

### 3 Turnover and segment information (continued)

#### Business Segments (continued)

	Property sales	Property leasing	Hotel and travel	Investments	Others	Group
2008 (in HK\$'000)						
Turnover	378,595	64,957	628,378	472,323	10,602	1,554,855
Segment revenue	<u>378,595</u>	<u>64,957</u>	<u>628,378</u>	<u>1,725</u>	<u>10,602</u>	<u>1,084,257</u>
Contribution to segment results	80,471	62,671	163,230	1,725	10,602	318,699
Depreciation and amortisation	(9,321)	-	(66,671)	-	(1,004)	(76,996)
Other income and charges	<u>16,057</u>	<u>177,230</u>	<u>(25,948)</u>	<u>3,078</u>	<u>121,714</u>	<u>292,131</u>
Segment results	87,207	239,901	70,611	4,803	131,312	533,834
Unallocated corporate expenses						<u>(48,465)</u>
Operating profit						485,369
Finance costs						(75,581)
Share of profits less losses of						
Jointly controlled entities	490	-	-	-	(13)	477
Associated companies	(5,588)	154,548	-	-	(728)	<u>148,232</u>
Profit before income tax						558,497
Income tax expense						<u>(53,956)</u>
Profit for the year						<u>504,541</u>

#### Geographical segments

	Turnover	Segment revenue	Operating (loss)/profit
2009 (in HK\$'000)			
Hong Kong	747,796	728,291	(125,475)
China (excluding Hong Kong)	5,476	5,476	(653)
Europe	33,240	30,674	(138,226)
North America	<u>90,972</u>	<u>90,972</u>	<u>(50,319)</u>
	<u>877,484</u>	<u>855,413</u>	<u>(314,673)</u>
2008 (in HK\$'000)			
Hong Kong	1,444,602	974,004	465,395
China (excluding Hong Kong)	8,744	8,744	2,236
North America	<u>101,509</u>	<u>101,509</u>	<u>17,738</u>
	<u>1,554,855</u>	<u>1,084,257</u>	<u>485,369</u>

#### 4 Other income and charges

	2009 HK\$'000	2008 HK\$'000
Fair value change of investment properties	(109,054)	177,230
Unrealised losses on financial assets at fair value through profit or loss	(218,058)	(19,195)
Realised (loss)/gain on financial assets at fair value through profit or loss	(16,826)	35,668
Net fair value loss of derivative financial instruments	(10,975)	(13,395)
Net fair value gains on warrant liabilities	46,289	85,261
Impairment of available-for-sale investments	(185,813)	-
(Provision)/write-back of provision for diminution in value of properties held for sale	(5,500)	16,057
Share option expense of a listed subsidiary	-	(22,400)
Impairment of goodwill	-	(3,548)
Negative goodwill on acquiring additional interest in a listed subsidiary	-	36,453
	<u>(499,937)</u>	<u>292,131</u>

#### 5 Income and expenses by nature

	2009 HK\$'000	2008 HK\$'000
<b>Income</b>		
Interest income		
- Listed investments	16,787	-
- Unlisted investments	2,145	-
- Loans	6,247	6,050
- Bank deposits	4,007	4,551
Dividend income		
- Listed investments	29,180	1,656
- Unlisted investments	99	69
	<u>310,076</u>	<u>516,960</u>
<b>Expenses</b>		
Cost of properties and goods sold	<u>310,076</u>	<u>516,960</u>

## 6 Income tax credit/(expense)

	2009 HK\$'000	2008 HK\$'000
Current income tax		
Hong Kong profits tax	(365)	(2,466)
Overseas profits tax	(486)	-
Under provisions in prior years	<u>(2,359)</u>	<u>(2,745)</u>
	(3,210)	(5,211)
Deferred income tax	<u>9,452</u>	<u>(48,745)</u>
	<u>6,242</u>	<u>(53,956)</u>

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. Hong Kong profits tax is provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

Share of income tax of jointly controlled entities and associated companies for the year of charge of HK\$209,000 (2008: charge of HK\$29,000) and credit of HK\$11,399,000 (2008: charge of HK\$32,643,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

## 7 Dividends

	2009 HK\$'000	2008 HK\$'000
Interim, paid, of HK0.10 cent (2008: HK0.35 cent) per share	11,211	25,377
Final, proposed, of nil (2008: HK0.20 cent) per share	<u>-</u>	<u>21,752</u>
	<u>11,211</u>	<u>47,129</u>

## 8 (Loss)/earnings per share

The calculation of basic loss per share is based on loss attributable to shareholders of the Company of HK\$381,303,000 (2008: profit of HK\$471,471,000) and divided by the weighted average number of 11,071,373,190 (2008: 7,430,223,474) shares in issue during the year.

For the year ended 31st March 2009, the Company's and its listed subsidiary's outstanding share options and warrants did not have a dilutive effect on the loss per share.

The calculation of diluted earnings per share for the year ended 31st March 2008 was based on HK\$472,165,000 equalling to the profit attributable to shareholders of the Company of HK\$471,471,000 plus after tax interest saving of HK\$694,000 and divided by 7,483,238,697 shares equalling to the weighted average number of 7,430,223,474 shares in issue during the year with an increase of 53,015,223 potential shares deemed to be in issue assuming the Company's convertible notes had been converted at the beginning of the year. The Company's and its listed subsidiary's outstanding share options and warrants did not have a dilutive effect on the earnings per share in the prior year.



## 9 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\$93,660,000 (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>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
0 day to 60 days	<b>93,259</b>	56,321
61 days to 120 days	<b>160</b>	1,082
More than 120 days	<b>241</b>	15
	<b>93,660</b>	57,418

## 10 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, retentions payable of construction costs and various accruals. Trade payables of the Group amounted to HK\$17,128,000 (2008: HK\$23,870,000).

Aging analysis of trade payables is as follows:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
0 day to 60 days	<b>16,974</b>	23,524
61 days to 120 days	<b>41</b>	33
More than 120 days	<b>113</b>	313
	<b>17,128</b>	23,870

## 11 Comparative figures

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

The figures in this preliminary announcement have been agreed by PricewaterhouseCoopers ("PwC") to those in the Group's consolidated financial statements for the year ended 31st March 2009. The work performed by PwC in this respect was limited and did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC for this announcement.

## **DIVIDENDS**

On 6th February 2009, the Company paid out an interim dividend of HK0.10 cent (2008: HK0.35 cent) per share in scrip to shareholders. The Board of Directors does not recommend the payment of a final dividend (2008: HK0.20 cent per share in scrip) for the year ended 31st March 2009.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

The Group recorded a revenue of HK\$855 million (2008: HK\$1,084 million) with loss attributable to shareholders amounting to HK\$381 million (2008: profit of HK\$471 million).

The decrease is attributed to smaller property sales together with decrease in fair value of financial assets and investment properties.

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

Revenue from property sales for the year amounted to HK\$144 million, which is attributed to the launch of Jadewater, a 150,000 sq. ft. GFA residential development at Aberdeen, and inventory sale of residential units. This segment contributed HK\$51 million to operating profit as compared to HK\$80 million of last year on a turnover of HK\$379 million. At present, over 50% of Jadewater is sold, giving total proceeds of over HK\$550 million.

Another residential development named Westminster Terrace, the Castle Peak Road joint venture, is progressing with occupation permit issued by end of June 2009. This 200,000 sq. ft. GFA development is built to a premium standard. Presale consent is obtained and show flat design and build is currently underway.

Currently the Group holds approximately 740,000 square feet attributable GFA of residential properties under development in Hong Kong. In addition, we hold approximately 2 million sq. ft. GFA residential/commercial development in Beijing and are under progress to obtain planning clearances. The Group has a 44% interest in this development.

Rental income attributable to the Group was approximately HK\$89 million, comparing to HK\$78 million of last year. Rental income of Asia Standard Tower increased by 10% and that of Asia Orient Tower increased by 17%, resulting from increased unit rent upon tenancy renewals since last interim period. Average occupancy of the two properties approximates 87%. Revaluation deficit totaling HK\$141 million (net of deferred tax) was recorded, while last year was a surplus of HK\$294 million.

## **HOTEL**

The hotel group had a strong performance during the first half of the financial year, achieving roughly similar level of revenue and gross operating profit. With the outburst of the financial crisis in September, a 4% decrease is recorded in its full year gross profit. The hotel group also recorded a mark to market unrealised loss of HK\$269 million. Overall it reported a net loss of HK\$230 million compared to last year's HK\$96 million profit.

The hotel group's new 280 rooms hotel in Causeway Bay was completed and opened in April 2009.

Another expansion of 28 rooms to Empire Kowloon Hotel was also completed in February 2009. Currently the hotel group owns four hotels with 1,343 rooms.

## **INVESTMENTS**

At 31st March 2009, the Group had financial investments of approximately HK\$893 million (2008: HK\$433 million). The Group recorded a net unrealised loss of HK\$415 million (2008: HK\$32 million) up to 31st March 2009, which did not affect cashflow of the Group. Income during the year from these investments amounts to HK\$48 million. In keeping with the recent improved performance of the financial market, the value of our investment portfolio has recorded substantial improvement since the reporting date.

## **FINANCIAL REVIEW**

At 31st March 2009, the Group's total assets were approximately HK\$8.1 billion, same as last financial year end. The net assets decreased by 9% to HK\$5.3 billion. Adopting market value of hotel properties, the revalued net assets of the Group would be HK\$6.8 billion, down 8% compared to HK\$7.4 billion last year.

Net debt stood at HK\$2.1 billion (2008: HK\$1.2 billion), including HK\$1.3 billion (2008: HK\$0.9 billion) which belonged to the separately listed hotel group. Net debt to revalued net asset value is approximately 31% (2008: 16%). The increase in net debt was partly to fund renovations of new hotel and expansion program of existing hotels, and partly for investments. Average finance costs reduced by 26% due to lower interest rates over the year.

About 92% of the Group's borrowings are in Hong Kong dollar. All the debts are at floating rates and interest rate level is managed through interest rate swaps. As at 31st March 2009, about one quarter of the long term bank loans were hedged by these swaps. The maturity of our debts spread over a long period of up to thirteen years, with approximately 20% repayable within one year while 47% repayable after five years.

As at 31st March 2009, assets with an aggregated net book value of HK\$5,828 million (2008: HK\$5,496 million) were pledged to secure banking facilities of the Group. The guarantees provided to financial institutions for jointly controlled entities were HK\$278 million (2008: HK\$198 million).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31st March 2009, the Group employed 466 employees and approximate 90% 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 PROSPECT**

Locally, demand for properties is picking up very strongly for inflation hedging and credit abundances at a very low interest rate. Demand for Mainland properties also witness robust recovery for similar reason.

The travel industry, not only affected by the financial crisis, was recently hampered by the swine flu pandemic resulting in fewer number of arrivals. We remain hopeful that the hotel operation will soon return to solid performance as economy recovers.

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

During the year, 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 year.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2009.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the year, 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 and Mr. Wong Chi Keung who have reviewed the annual financial statements of the Group for the year ended 31st March 2009.

By Order of the Board  
**Asia Standard International Group Limited**  
**Fung Siu To, Clement**  
*Chairman*

Hong Kong, 7th July 2009

*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 and the independent non-executive directors are Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung and Mr. Wong Chi Keung.*