

# Asia Standard International Group Limited

Stock Code: 129

INTERIM REPORT 07



# Corporate Information

## Directors

### Executive

Mr. Fung Siu To, Clement (*Chairman*)

Dr. 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. Poon Jing (*Chairman*)

Mr. Fung Siu To, Clement

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](mailto:as_info@asia-standard.com.hk)

## Principal bankers

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

Bank of China (Hong Kong) Limited

China Construction Bank Corporation

The Bank of East Asia Limited

Citic Ka Wah Bank Limited

Industrial and Commercial Bank of China (Asia) Limited

Bank of Communications Company Limited

Chong Hing Bank Limited

Wing Hang Bank Limited

## Legal advisers

Stephenson Harwood & Lo

35th Floor, Bank of China Tower,

1 Garden Road,

Central, Hong Kong

Appleby

5511, The Center,

99 Queen's Road Central,

Hong Kong

## Auditors

PricewaterhouseCoopers

Certified Public Accountants

22nd Floor, Prince's Building,

Central, Hong Kong

## Share registrar in Bermuda

Butterfield Fund Services (Bermuda)

Limited

Rosebank Centre,

11 Bermudiana Road,

Pembroke HM08, Bermuda

## Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor,

Hopewell Centre,

183 Queen's Road East,

Hong Kong

# Financial Highlights

	Six months ended 30th September		Change
	2007	2006	
(In HK\$ million, except otherwise indicated)			
<b>Consolidated profit and loss account</b>			
Revenue	<b>642</b>	400	+61%
Operating profit	<b>188</b>	132	+43%
Finance costs	<b>34</b>	64	- 47%
Profit attributable to shareholders of the Company	<b>160</b>	55	+191%
Earnings per share (HK cents)			
Basic	<b>2.26</b>	1.04	+117%
Diluted	<b>2.23</b>	1.03	+117%

	30th September	31st March	Change
	2007	2007	
<b>Consolidated balance sheet</b>			
Total assets	<b>7,012</b>	6,964	+1%
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 (note):

Revalued total assets	<b>8,661</b>	8,499	+2%
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%

Note: Hong Kong Financial Reporting Standards ("HKFRS") do not permit leasehold land other than investment properties to be carried at valuation. The Group considers that such treatment does not reflect the economic substance of its hotel property investments. Therefore the Group has presented supplementary unaudited financial information taking into account the fair market value of hotel properties in addition to those in accordance with HKFRS.

The hotel properties in Hong Kong and Canada were revalued by Knight Frank and Grant Thornton Management Consultants respectively, independent professional valuers, on an open market value basis as at 30th September 2007.

# 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.

# Management Discussion and Analysis

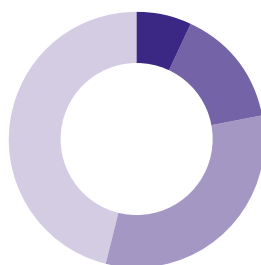
## Castle Peak Road development



Our Chairman, Mr. Clement Fung (left) toasting with Mr. Nicholas Loup from Grosvenor (middle) and contractor's representative.

**Property portfolio**  
 Attributable GFA to Asia Standard  
 (GFA 1.9m sq. ft.)

- Completed properties held for sale (7%)
- Investment Properties (15%)
- Hotel properties (32%)
- Development properties (46%)



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

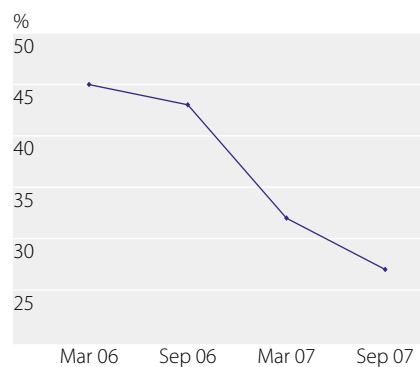
towards end 2008. Another expansion program for adding 21 rooms to Empire Kowloon Hotel is also on the way. Renovation plan is also under consideration for Vancouver Empire Landmark Hotel.

### Financial review

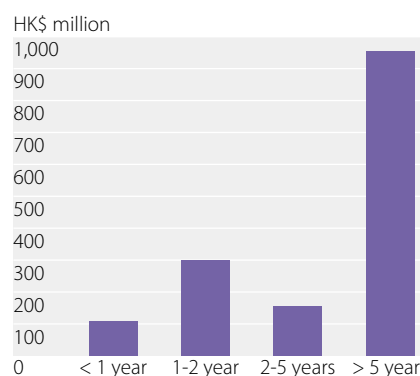
At 30th September 2007 and 31st March 2007, the Group's total assets stood at HK\$7 billion and the net assets amounted to HK\$4.8 billion. Adopting market value of hotel properties, the revalued net assets of the Group would be HK\$6.4 billion at 30th September 2007 and HK\$6.2 billion at 31st March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

### Gearing ratio



### Debts - maturity profile



### 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



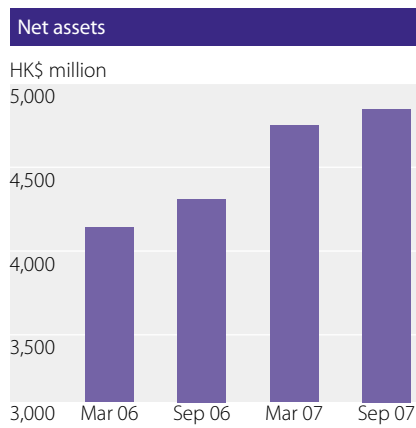
## Management Discussion and Analysis

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.



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.

### 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.

# Independent Report on Review of Interim Financial Information

## To the board of directors of Asia Standard International Group Limited

*(incorporated in Bermuda with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 6 to 22, which comprises the consolidated balance sheet of Asia Standard International Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th September 2007 and the related consolidated profit and loss account, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on Interim Financial Information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 21st December 2007

## Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2007 HK\$'000	2006 HK\$'000
Revenue	4, 6	<b>642,079</b>	399,635
Cost of sales	6	<b>(406,935)</b>	(235,391)
Gross profit		<b>235,144</b>	164,244
Selling expenses		<b>(8,116)</b>	(536)
Administrative expenses	6	<b>(73,899)</b>	(64,397)
Other income and charges	5	<b>34,967</b>	32,573
Operating profit		<b>188,096</b>	131,884
Finance costs	7	<b>(34,288)</b>	(63,641)
Share of profits less losses of			
Jointly controlled entities		<b>30</b>	1,404
Associated companies		<b>51,007</b>	12,845
Profit before income tax		<b>204,845</b>	82,492
Income tax expense	8	<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	9	<b>25,377</b>	23,947
Earnings per share (HK cents)			
Basic	10	<b>2.26</b>	1.04
Diluted	10	<b>2.23</b>	1.03



# Consolidated Balance Sheet – Unaudited

	<i>Note</i>	<b>30th September 2007 HK\$'000</b>	31st March 2007 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>892,692</b>	868,125
Investment properties	12	<b>1,812,500</b>	1,776,150
Leasehold land		<b>1,754,316</b>	1,765,542
Jointly controlled entities		<b>234,088</b>	228,900
Associated companies		<b>556,098</b>	504,997
Goodwill		<b>8,651</b>	8,651
Mortgage loans receivable		<b>13,642</b>	10,647
Deferred income tax assets		<b>51,549</b>	64,517
		<b>5,323,536</b>	5,227,529
<b>Current assets</b>			
Property held for/under development for sale		<b>834,993</b>	796,759
Completed properties held for sale		<b>264,525</b>	463,471
Mortgage loans receivable		<b>1,838</b>	339
Hotel and restaurant inventories		<b>2,382</b>	2,190
Trade and other receivables	13	<b>239,763</b>	178,148
Financial assets at fair value through profit or loss		<b>136,498</b>	67,318
Derivative financial instruments		<b>3,484</b>	6,156
Income tax recoverable		<b>3</b>	507
Bank balances and cash		<b>204,622</b>	221,346
		<b>1,688,108</b>	1,736,234
<b>Current liabilities</b>			
Trade and other payables	14	<b>124,552</b>	144,453
Dividend payable		<b>35,871</b>	–
Amount due to an associated company		<b>51,150</b>	51,150
Derivative financial instruments		<b>2,107</b>	2,717
Warrant liabilities	15(a)	<b>92,545</b>	–
Short term bank loans and overdrafts, secured		<b>83,713</b>	186,000
Current portion of long term bank loans, secured	19	<b>17,970</b>	14,073
Amounts due to minority shareholders		<b>112,161</b>	109,964
Income tax payable		<b>29,907</b>	21,067
		<b>549,976</b>	529,424
<b>Net current assets</b>		<b>1,138,132</b>	1,206,810
<b>Total assets less current liabilities</b>		<b>6,461,668</b>	6,434,339

## Consolidated Balance Sheet – Unaudited

	<i>Note</i>	<b>30th September 2007 HK\$'000</b>	31st March 2007 HK\$'000
<hr/>			
Non-current liabilities			
Convertible notes	18	–	89,768
Warrant liabilities	15(b)	<b>37,616</b>	–
Long term bank loans, secured	19	<b>1,410,031</b>	1,441,175
Deferred income tax liabilities		<b>174,378</b>	167,763
		<b>1,622,025</b>	1,698,706
<hr/>			
Net assets		<b>4,839,643</b>	4,735,633
<hr/>			
Equity			
Share capital	16	<b>71,851</b>	69,173
Reserves	17	<b>4,086,324</b>	3,935,050
Equity attributable to shareholders of the Company		<b>4,158,175</b>	4,004,223
Minority interests		<b>681,468</b>	731,410
		<b>4,839,643</b>	4,735,633
<hr/>			

# Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended	
	30th September	
	2007	2006
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	<b>190,308</b>	(36,822)
Net cash used in investing activities	<b>(43,052)</b>	(63,037)
Net cash used in financing activities	<b>(169,121)</b>	(89,533)
Net decrease in cash and cash equivalents	<b>(21,865)</b>	(189,392)
Cash and cash equivalents at the beginning of the period	<b>196,825</b>	319,009
Changes in exchange rates	<b>3,327</b>	73
Cash and cash equivalents at the end of the period	<b>178,287</b>	129,690
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balances)	<b>178,287</b>	139,690
Bank overdrafts	<b>-</b>	(10,000)
	<b>178,287</b>	129,690

## Consolidated Statement of Changes in Equity – Unaudited

	Shareholders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 31st March 2006	3,436,020	658,891	4,094,911
Currency translation differences	3,891	2,948	6,839
Profit for the period	54,637	7,539	62,176
Total recognised income for the period	58,528	10,487	69,015
Issue of convertible notes	5,805	–	5,805
Issue of rights shares by a listed subsidiary	–	120,217	120,217
Distribution of 2006 final dividend of a listed subsidiary	–	(13,079)	(13,079)
	5,805	107,138	112,943
At 30th September 2006	3,500,353	776,516	4,276,869
<b>At 31st March 2007</b>	<b>4,004,223</b>	<b>731,410</b>	<b>4,735,633</b>
Currency translation differences	16,244	7,989	24,233
Profit for the period	160,319	15,620	175,939
Total recognised income for the period	176,563	23,609	200,172
Issue of warrants	(83,491)	–	(83,491)
Redemption and conversion of convertible notes	71,013	–	71,013
2007 final dividend	(25,148)	–	(25,148)
Conversion of convertible bonds of a listed subsidiary	–	(31,688)	(31,688)
2007 final dividend payable by a listed subsidiary	–	(10,725)	(10,725)
Issue of warrants by a listed subsidiary	–	(38,523)	(38,523)
Share options granted by a listed subsidiary	15,015	7,385	22,400
	(22,611)	(73,551)	(96,162)
At 30th September 2007	4,158,175	681,468	4,839,643

# Notes to the Interim Financial Information

## 1 Basis of preparation

The unaudited condensed consolidated interim 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 at each balance sheet date. 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 Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group’s overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

## Notes to the Interim Financial Information

### 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include those related to investment properties, impairment of assets, income taxes and fair value of warrant liabilities.

### 4 Revenue and segment information

The Company is a limited liability company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited. The address of its principal office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

The Group is principally engaged in property development and investment, hotel, travel agency and catering operations. Revenue comprises gross revenues from property sales, property leasing, hotel and travel agency, management services and interest income.

#### Primary reporting format – business segments

The Group is organised into three main business segments, comprising property sales, property leasing, hotel and travel. There is no other significant identifiable separate business segment. Segment revenue from external customers is after elimination of inter-segment revenue. 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.



## Notes to the Interim Financial Information

**4 Revenue and segment information** (Continued)

Primary reporting format – business segments (Continued)

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

## Notes to the Interim Financial Information

**4 Revenue 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:

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

**5 Other income and charges**

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

## Notes to the Interim Financial Information

## 6 Income and expenses by nature

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
<b>Income</b>		
Net rental income (note (a))	<b>28,378</b>	24,660
Interest income	<b>4,461</b>	5,404
Dividends from listed financial assets at fair value through profit or loss	<b>212</b>	103
<b>Expenses</b>		
Employee benefit expenses, including Directors' emoluments (note (b))	<b>80,114</b>	51,289
Operating lease rental expenses for properties	<b>3,209</b>	2,594
Cost of properties and inventories sold	<b>213,930</b>	72,265
<b>Note:</b>		
<b>(a) Net rental income</b>		
Gross rental income		
Investment properties	<b>28,008</b>	22,957
Completed properties held for sale	<b>2,502</b>	4,062
	<b>30,510</b>	27,019
Outgoings	<b>(2,132)</b>	(2,359)
	<b>28,378</b>	24,660
<b>(b) Employee benefit expenses</b>		
Wages and salaries	<b>56,762</b>	51,022
Share option expense of a listed subsidiary (note)	<b>22,400</b>	–
Retirement benefits costs	<b>1,245</b>	1,202
	<b>80,407</b>	52,224
Capitalised under properties under development	<b>(293)</b>	(935)
	<b>80,114</b>	51,289

## Note:

Options to subscribe for a total of 700,000,000 shares of the Company's listed subsidiary were granted under the share option scheme of the listed subsidiary adopted on 28th August 2006 ("Share Option Scheme") on 2nd April 2007. No option was exercised during the period.

The fair value of options granted during the period determined using the Binomial option pricing model was HK\$22,400,000. The significant inputs into the model was share price of HK\$0.13 at the date of grant, exercise price of HK\$0.13, implied life of options of 1.6 years, annual risk-free interest rate of 4.30% and 1 year annualised daily volatility rate.

The volatility rate is based on statistical analysis of daily share prices over one year immediately preceding the grant date. The calculation of fair values of share options granted is based on the assumption that there is no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares.

## Notes to the Interim Financial Information

**7 Finance costs**

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

**8 Income tax expense**

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

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.

## Notes to the Interim Financial Information

**9 Dividend**

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

At a meeting held on 21st December 2007, the Board of Directors has declared to pay an interim dividend of HK0.35 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 ending 31st March 2008.

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

**10 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 outstanding 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.

## Notes to the Interim Financial Information

**11 Property, plant and equipment**

	Freehold land of a hotel in Canada HK\$'000	Hotel buildings HK\$'000	Other buildings HK\$'000	Other equipment HK\$'000	Total HK\$'000
<b>Cost</b>					
At 31st March 2007	69,160	1,202,231	19,000	50,600	1,340,991
Currency translation differences	10,417	59,468	–	231	70,116
Additions	–	1,639	–	4,319	5,958
Disposals	–	–	–	(709)	(709)
<b>At 30th September 2007</b>	<b>79,577</b>	<b>1,263,338</b>	<b>19,000</b>	<b>54,441</b>	<b>1,416,356</b>
<b>Accumulated depreciation</b>					
At 31st March 2007	–	418,571	5,390	48,905	472,866
Currency translation differences	–	27,679	–	264	27,943
Charge for the period	–	22,927	188	442	23,557
Disposals	–	–	–	(702)	(702)
<b>At 30th September 2007</b>	<b>–</b>	<b>469,177</b>	<b>5,578</b>	<b>48,909</b>	<b>523,664</b>
<b>Net book value</b>					
<b>At 30th September 2007</b>	<b>79,577</b>	<b>794,161</b>	<b>13,422</b>	<b>5,532</b>	<b>892,692</b>
At 31st March 2007	69,160	783,660	13,610	1,695	868,125

**12 Investment properties**

Investment properties were revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 30th September 2007.



## Notes to the Interim Financial Information

**13 Trade and other receivables**

Trade and other receivables of the Group include trade receivables, utility and other deposits, stakeholders' accounts, interest 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 debtors, credit evaluations of customers are performed periodically.

Aging analysis of trade receivables net of provision for impairment of doubtful debts at the balance sheet date is as follows:

	<b>30th September</b>	31st March
	<b>2007</b>	2007
	<b>HK\$'000</b>	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

**14 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 in respect of construction costs and various accruals. Trade payables amounted to HK\$25,152,000 (31st March 2007: HK\$34,318,000).

Aging analysis of trade payables at the balance sheet date is as follows:

	<b>30th September</b>	31st March
	<b>2007</b>	2007
	<b>HK\$'000</b>	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

## Notes to the Interim Financial Information

### 15 Warrant liabilities

#### (a) The Company

On 7th September 2007, the Company issued warrants to shareholders on the basis of one warrant for every five shares of the Company. The initial subscription price was at HK\$0.29 per share and the warrants are exercisable at any time within one year from the date of issue. Apart from the adjustments upon occurrence of the usual adjustment events, the subscription price is subject to the reset adjustment at the end of each six months period from the date of issue of the warrants and a final reset adjustment on the tenth business day before the date of expiration of the warrants.

Movement of the warrant liabilities during the period is as follows:

	HK\$'000
Fair value of warrants at date of issue	83,492
Fair value loss debited to profit and loss account	9,053
<b>At 30th September 2007</b>	<b>92,545</b>

#### (b) Listed subsidiary

Warrants were issued by the listed subsidiary on 7th September 2007 with similar terms and conditions to that of the Company except that the initial subscription price was HK\$0.146 per share and three years maturity.

Movement of the warrant liabilities during the period is as follows:

	HK\$'000
Fair value of warrants at date of issue	38,523
Fair value gain credited to profit and loss account	(907)
<b>At 30th September 2007</b>	<b>37,616</b>

### 16 Share capital

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised		
At 31st March 2007 and 30th September 2007	400,000,000,000	4,000,000
Issued and fully paid:		
At 31st March 2007	6,917,288,795	69,173
Conversion of convertible notes (note 18)	267,857,140	2,678
Exercise of warrants	642	–
<b>At 30th September 2007</b>	<b>7,185,146,577</b>	<b>71,851</b>

## Notes to the Interim Financial Information

## 17 Reserves

	Share premium HK\$'000	Capital redemption HK\$'000	Convertible notes HK\$'000	Share option HK\$'000	Warrants reserve HK\$'000	Contributed surplus HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2007	1,189,330	43,868	5,805	4,982	-	2,670,292	20,773	3,935,050
Currency translation differences	-	-	-	-	-	-	16,244	16,244
Redemption of convertible notes	-	-	(5,805)	-	-	-	1,818	(3,987)
Conversion of convertible notes	72,322	-	-	-	-	-	-	72,322
Profit for the period	-	-	-	-	-	-	160,319	160,319
Issue of warrants	-	-	-	-	(83,491)	-	-	(83,491)
2007 final dividend	-	-	-	-	-	-	(25,148)	(25,148)
Share options granted by a listed subsidiary	-	-	-	15,015	-	-	-	15,015
<b>At 30th September 2007</b>	<b>1,261,652</b>	<b>43,868</b>	<b>-</b>	<b>19,997</b>	<b>(83,491)</b>	<b>2,670,292</b>	<b>174,006</b>	<b>4,086,324</b>

## 18 Convertible notes

On 15th May 2006, the Group issued convertible notes of the principal amount of HK\$94,000,000, which bear interest at 4% per annum payable semi-annually in arrears. Each holder of the notes had the option to convert the notes into shares at an initial conversion price of HK\$0.305 (adjusted to HK\$0.28 pursuant to the rights issue in November 2006) per share, subject to adjustment. During the period, the convertible notes of principal amount of HK\$75,000,000 was converted into 267,857,140 ordinary shares, with the remaining principal amount of HK\$19,000,000 redeemed by the Company with accrued interest.

## 19 Long term bank loans

	<b>30th September 2007 HK\$'000</b>	31st March 2007 HK\$'000
The maturity of the long term bank loans is as follows:		
Bank loans, secured		
Repayable within one year	<b>17,970</b>	14,073
Repayable between one and two years	<b>299,795</b>	254,778
Repayable between two and five years	<b>154,180</b>	336,735
Repayable after five years	<b>956,056</b>	849,662
	<b>1,428,001</b>	1,455,248
Current portion included in current liabilities	<b>(17,970)</b>	(14,073)
	<b>1,410,031</b>	1,441,175

# Notes to the Interim Financial Information

## 20 Capital commitments

Capital commitments at the balance sheet date are as follows:

	<b>30th September 2007 HK\$'000</b>	31st March 2007 HK\$'000
Property, plant and equipment		
Contracted but not yet provided for	–	1,300
Authorised but not contracted for	<b>135,500</b>	96,700
	<b>135,500</b>	98,000

## 21 Contingent liabilities

	<b>30th September 2007 HK\$'000</b>	31st March 2007 HK\$'000
Guarantees for the banking and loan facilities of:		
Jointly controlled entities	<b>180,190</b>	168,340
Associated companies	<b>66,132</b>	65,010
Third parties	<b>1,229</b>	1,229
	<b>247,551</b>	234,579

## 22 Related party transaction

In April 2007, certain subsidiaries of the Company converted HK\$150,000,000 convertible bonds of Asia Standard Hotel Group Limited ("AS Hotel") into 1,428,574,427 shares. Consequently, the Group's interest in AS Hotel increased from 62.78% to 67.03% and a gain of HK\$31,688,000 arising from the conversion was recorded (note 5).

## 23 Comparative figures

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

## 24 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.

# 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\$1,095 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$246 million totaling HK\$1,341 million as at 30th September 2007 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:

	<b>Pro forma combined balance sheet HK\$'000</b>	<b>Group's attributable interest HK\$'000</b>
Property, plant and equipment	392	179
Investment properties	1,411,223	465,704
Properties held for/under development for sale	1,228,946	564,371
Derivative financial instruments	1,689	845
Deferred tax assets	7,997	3,999
Current assets	423,316	164,491
Current liabilities	(132,502)	(41,643)
Long term bank and other loans	(675,806)	(276,704)
Deferred tax liabilities	(144,235)	(49,085)
Minority interests	(5,645)	(2,823)
Shareholders' advance	(2,194,217)	(1,095,215)
	<b>(78,842)</b>	<b>(265,881)</b>

## Other Information

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

As at 30th September 2007, the interests and short position 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 Issuers 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	6,248,502	3,087,345,774 (Note)	3,093,594,276	43.06

Note: By virtue of his controlling interest (31.92%) in Asia Orient Holdings Limited ("Asia Orient"), Mr. Poon Jing is deemed to be interested in the shares of the Company held by Asia Orient and its subsidiaries as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below.



## Other Information

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

(Continued)

**(I) Long positions in shares (Continued)***(b) Subsidiaries*

Director	Subsidiary	Number of shares held			Percentage of shares in issue (%)
		Personal interest	Corporate interest	Total	
Poon Jing	Asia Standard Hotel Group Limited ("AS Hotel")	383,434	8,711,059,638	8,711,443,072	69.64
Poon Jing and Fung Siu To, Clement (Note 1)	Centop Investment Limited ("Centop")	–	20	20	20
Poon Jing (Note 2)	Centop	–	80	80	80
Fung Siu To, Clement	Mark Honour Limited	9	–	9	9

Note 1. Centop is owned as to 80% by the Company and as to 20% by Kingscore Limited. Each of Mr. Poon Jing and Mr. Fung Siu To, Clement holds 50% interest in Kingscore Limited. By virtue of their interest in Kingscore Limited, each of Mr. Poon Jing and Mr. Fung Siu To, Clement is deemed to have interest in the 20 shares held by Kingscore Limited and duplicate the interest of the other.

Note 2. 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 and associated corporations.

**(II) Long positions in underlying shares***Interests in share options**(a) The Company*

Name of Director	Outstanding as at 1st April 2007 and 30th September 2007
Fung Siu To, Clement	20,621,761
Lim Yin Cheng	20,621,761
Poon Jing	5,155,440
Lun Pui Kan	20,621,761
Kwan Po Lam, Phileas	20,621,761
Nicholas James Loup	20,621,761

Options were granted on 30th March 2005 exercisable during the period from 30th March 2005 to 29th March 2015 at exercise price of HK\$0.315 per share (as adjusted). During the period, no option was granted, exercised, cancelled nor lapsed.

## Other Information

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

(Continued)

**(II) Long positions in underlying shares** (Continued)*Interests in share options* (Continued)*(b) Subsidiary – AS Hotel*

Name of Director	Date of Grant	Outstanding		Exercise price (HK\$)	Exercise period	Outstanding as at 30th September 2007
		as at 1st April 2007	No. of options granted during the period			
Fung Siu To, Clement	29th March 2007	80,000,000	–	0.1296	29th March 2007 to 28th March 2017	80,000,000
Lim Yin Cheng	2nd April 2007	–	80,000,000	0.130	2nd April 2007 to 1st April 2017	80,000,000
Lun Pui Kan	2nd April 2007	–	80,000,000	0.130	2nd April 2007 to 1st April 2017	80,000,000
Kwan Po Lam, Phileas	2nd April 2007	–	80,000,000	0.130	2nd April 2007 to 1st April 2017	80,000,000

During the period, no option granted to the Directors has been exercised, cancelled or lapsed.

## Other Information

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

(Continued)

**(II) Long positions in underlying shares** (Continued)*Interests in warrants**(a) The Company*

Name of Director	Number of warrants held		Total
	Personal interest	Corporate interest	
Poon Jing	1,249,700	617,469,142 (Note)	618,718,842

The warrants are exercisable from 7th September 2007 to 6th September 2008 at an initial subscription price of HK\$0.29 per share, subject to adjustments and reset arrangements.

Note: By virtue of his controlling interest (31.92%) in Asia Orient, Mr. Poon Jing is deemed to be interested in the warrants of the Company held by Asia Orient and its subsidiaries as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below.

*(b) Subsidiary – AS Hotel*

Director	Numbers of warrants held		Total
	Personal interest	Corporate interest	
Poon Jing	76,686	1,742,211,916	1,742,288,602

The warrants are exercisable from 7th September 2007 to 6th September 2010 at an initial subscription price of HK\$0.146 per share, subject to adjustments and reset arrangements.

Save as disclosed above, as at 30th September 2007, 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 Issuers in the Listing Rules.

## Other Information

### 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 30th September 2007, 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 of substantial shareholders	Number of shares	Percentage
Asia Orient (Note 1)	3,087,345,774	42.97
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	2,967,345,774	41.30
Asia Orient Company Limited ("AOCL") (Note 2)	1,697,032,788	23.62
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2)	1,628,614,584	22.67
Grosvenor Asset Management Limited ("Grosvenor") (Note 3)	726,373,333	10.11
Grosvenor Australia Asia Pacific General Partner Limited (formerly Stargreen Limited) (Note 3)	726,373,333	10.11
Grosvenor International S.A. (Note 3)	726,373,333	10.11
Grosvenor Group Limited (Note 3)	726,373,333	10.11
Jeremy Henry Moore Newsum (Note 3)	726,373,333	10.11
Robin Shedden Broadhurst (Note 3)	726,373,333	10.11
Mark Antony Loveday (Note 3)	726,373,333	10.11
Gillian Lucy Newsum (Note 3)	726,373,333	10.11
Penelope Alison Broadhurst (Note 3)	726,373,333	10.11
Mary Elizabeth Loveday (Note 3)	726,373,333	10.11

## Other Information

**Substantial shareholders and other persons' interests and short positions in shares and underlying shares**

(Continued)

**(b) Long positions in underlying shares of the Company – Warrants**

Name of substantial shareholders	Number of warrants
Asia Orient (Note 1)	617,469,142
Asia Orient BVI (Note 1)	593,469,142
AOCL (Note 2)	283,230,006
Kingfisher and Lipton (Note 2)	271,435,758
Grosvenor (Note 3)	145,274,666
Grosvenor Australia Asia Pacific General Partner Limited (formerly Stargreen Limited ) (Note 3)	145,274,666
Grosvenor International S.A. (Note 3)	145,274,666
Grosvenor Continental Europe Holdings Limited (Note 3)	145,274,666
Grosvenor Group Limited (Note 3)	145,274,666
Jeremy Henry Moore Newsum (Note 3)	145,274,666
Gillian Lucy Newsum (Note 3)	145,274,666
Robin Shedden Broadhurst (Note 3)	145,274,666
Penelope Alison Broadhurst (Note 3)	145,274,666
Mark Antony Loveday (Note 3)	145,274,666
Mary Elizabeth Loveday (Note 3)	145,274,666

The warrants are exercisable from 7th September 2007 to 6th September 2008 at an initial subscription price of HK\$0.29 per share, subject to adjustments and reset arrangements.

## Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of Asia Orient. In addition, as disclosed under the heading "Directors and chief executive's interests and short positions in shares, underlying shares and debentures" above, Mr. Poon Jing is deemed to be interested in the shares and warrants held by Asia Orient and its subsidiaries by virtue of his controlling interest in Asia Orient. Accordingly, Mr. Poon Jing is deemed to have interest and duplicate the interest in the 3,087,345,774 shares and 617,469,142 warrants held by Asia Orient and Asia Orient are deemed to have interest and duplicate the interest in the same 2,967,345,774 shares and 593,469,142 warrants held by Asia Orient BVI.
2. AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI and together hold 3,325,647,372 shares and 554,665,764 warrants. Asia Orient BVI is deemed to be interested in and duplicate the interest held by AOCL, Kingfisher and Lipton.

## Other Information

### Substantial shareholders and other persons' interests and short positions in shares and underlying shares

(Continued)

#### (b) Long positions in underlying shares of the Company – Warrants (Continued)

- Grosvenor 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 46.61% by The Fourth Duke of Westminster 1964 Settlement. The Company has been advised that on 17th November 2005, Grosvenor Australia Asia Pacific General Partner Limited (formerly Stargreen Limited ) signed a conditional share purchase agreement with Grosvenor International S.A. to acquire the entire issued share capital of Grosvenor from Grosvenor International S.A.. Grosvenor Australia Asia Pacific General Partner Limited is a wholly-owned subsidiary of Grosvenor International S.A.. As at 30th September 2007, the share purchase agreement has not been completed.

Grosvenor owned 726,373,333 shares and 145,274,666 warrants. Each of Grosvenor Australia Asia Pacific General Partner 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 726,373,333 shares and 145,274,666 warrants held by Grosvenor.

Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday are the trustees of The Fourth Duke of Westminster 1964 Settlement. Each of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst, Mark Antony Loveday is deemed to be interested in the same 726,373,333 shares and 145,274,666 warrants held by Grosvenor. Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday are the 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 in the aforesaid 726,373,333 shares and 145,274,666 warrants held by Grosvenor.

Save as disclosed above, as at 30th September 2007, 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.

## Other Information

### Share option schemes

#### Company

The share option scheme was adopted on 27th August 2004 whereby the Directors may grant options to the eligible participants to subscribe shares at the subscription price of 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 share option scheme is effective for 10 years from 27th August 2004. The detailed terms of the scheme were disclosed in the 2007 annual report.

The following table discloses details of the Company's options granted under the share option scheme held by employees (including Directors):

<b>Grantee</b>	<b>Outstanding as at 1st April 2007 and 30th September 2007</b>
Directors	108,264,245
Other employees	56,709,841

#### Notes:

- (a) The options were granted on 30th March 2005 and exercisable from 30th March 2005 to 29th March 2015 at an exercise price of HK\$0.315 per share (as adjusted).
- (b) No option was granted, cancelled, lapsed, nor exercised during the period.

## Other Information

### Share option schemes (Continued)

#### Subsidiary – AS Hotel

The share option scheme adopted by AS Hotel on 24th May 2000 (the “Old Share Option Scheme”) had been terminated at the annual general meeting on 28th August 2006 without prejudice to the rights and benefits of and attached to those option granted thereunder which are outstanding as at that date. The Old Share Option Scheme was replaced on the same date by a new share option scheme (the “New Share Option Scheme”) which remained in force as at 30th September 2007.

As at 30th September 2007, information on share options which had been granted to the employees, including executive directors of AS Hotel and its subsidiaries to subscribe for shares of AS Hotel under the Old Share Option Scheme and New Share Option Scheme which remained outstanding was as follows:

Grantee	Outstanding as at		Outstanding as at 30th September 2007
	1st April 2007	Granted during the year	
<b>Old Share Option Scheme</b>			
Employees	4,465,909 (Note 1)	–	4,465,909
<b>New Share Option Scheme</b>			
Directors	80,000,000 (Note 2)	240,000,000 (Note 3)	320,000,000
Employees	160,000,000 (Note 2)	460,000,000 (Note 3)	620,000,000

Note 1: The options were granted on 31st October 2005 and exercisable from 1st November 2005 to 31st October 2015 at exercise price of HK\$0.19436 (as adjusted) per share.

Note 2: The options were granted on 29th March 2007 and exercisable from 29th March 2007 to 28th March 2017 at an exercise price of HK\$0.1296 per share.

Note 3: The options were granted on 2nd April 2007 and exercisable from 2nd April 2007 to 1st April 2017 at an exercise price of HK\$0.13 per share. The closing price of the shares immediately before the date of grant of such options is HK\$0.132.

Note 4: During the period, no option was exercised, cancelled or lapsed.



## Other Information

### **Interim dividend**

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on Wednesday, 16th January 2008 ("Record Date") interim dividend of HK0.35 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 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.

## Other Information

### **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.

On behalf of the Board

**Fung Siu To, Clement**

*Chairman*

HONG KONG, 21st December 2007