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## ASIA STANDARD INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 129)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2013

#### FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended		Change
	30th September 2013	2012	
Revenue	776	567	+37%
Operating profit	1,083	738	+47%
Profit attributable to shareholders of the Company	972	789	+23%
Earnings per share – basic (HK\$)	0.79	0.64	+23%
	30th September 2013	31st March 2013	
Total assets	19,548	17,172	+14%
Net assets	14,522	13,489	+8%
Equity attributable to shareholders of the Company	13,615	12,649	+8%
Net debt	3,686	2,968	+24%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	26,151	23,500	+11%
Revalued net assets	21,101	19,792	+7%
Equity attributable to shareholders of the Company	18,225	17,065	+7%
Equity attributable to shareholders of the Company per share (HK\$)	14.52	13.80	+5%
Gearing - net debt to revalued net assets	17%	15%	+2%

The Directors of Asia Standard International Group Limited (the “Company”) announce that the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30th September 2013 together with the comparative figures for the six months ended 30th September 2012 were as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	<b>2013</b> <b>HK\$'000</b>	2012 HK\$'000
Revenue	2	<b>775,858</b>	567,160
Cost of sales		<b>(265,649)</b>	(181,488)
Gross profit		<b>510,209</b>	385,672
Selling and administrative expenses		<b>(92,462)</b>	(95,393)
Depreciation		<b>(43,016)</b>	(42,508)
Net investment gain	3	<b>611,176</b>	161,066
Fair value gain of investment properties		<b>97,190</b>	328,718
Operating profit		<b>1,083,097</b>	737,555
Net finance costs		<b>(38,874)</b>	(23,264)
Share of profits less losses of Jointly controlled entities		<b>(1,722)</b>	24,691
Associated companies		<b>35,880</b>	109,077
Profit before income tax		<b>1,078,381</b>	848,059
Income tax expense	5	<b>(35,816)</b>	(16,509)
Profit for the period		<b>1,042,565</b>	831,550
Attributable to:			
Shareholders of the Company		<b>971,791</b>	789,456
Non-controlling interests		<b>70,774</b>	42,094
		<b>1,042,565</b>	831,550
Earnings per share (HK\$)			
Basic and diluted	7	<b>0.79</b>	0.64

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED**  
For the six months ended 30th September

	<b>2013</b> <b>HK\$'000</b>	2012 HK\$'000
Profit for the period	<b>1,042,565</b>	831,550
Other comprehensive income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gain on available-for-sale investments	<b>8,246</b>	12,021
Impairment of available-for-sale investments charged to profit and loss account	-	395
Release of reserve upon disposal of available-for-sale investments	-	(622)
Cash flow hedges		
- Fair value gains	<b>6,557</b>	-
- Transfer to finance costs	<b>(4,471)</b>	-
Currency translation differences	<b>(2,202)</b>	3,120
	<b>8,130</b>	14,914
Total comprehensive income for the period	<b>1,050,695</b>	846,464
Attributable to:		
Shareholders of the Company	<b>978,757</b>	799,657
Non-controlling interests	<b>71,938</b>	46,807
	<b>1,050,695</b>	846,464

## CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

	<i>Note</i>	<b>30th September 2013 HK\$'000</b>	31st March 2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>3,107,211</b>	3,049,588
Investment properties		<b>5,450,032</b>	5,418,841
Jointly controlled entities		<b>1,059,971</b>	1,027,476
Associated companies		<b>1,535,251</b>	1,499,356
Available-for-sale investments		<b>249,635</b>	241,390
Financial assets at fair value through profit or loss		<b>522,385</b>	-
Derivative financial instruments		<b>6,557</b>	-
Mortgage loans receivable		<b>2,896</b>	3,790
Deferred income tax assets		<b>2,884</b>	805
		<b>11,936,822</b>	11,241,246
<b>Current assets</b>			
Properties under development for sale		<b>1,712,173</b>	1,166,672
Completed properties held for sale		<b>3,617</b>	55,515
Hotel and restaurant inventories		<b>1,673</b>	2,218
Mortgage loans receivable		<b>530</b>	672
Trade and other receivables	8	<b>276,250</b>	353,434
Income tax recoverable		<b>513</b>	815
Financial assets at fair value through profit or loss		<b>4,607,190</b>	3,942,393
Bank balances and cash		<b>1,009,536</b>	409,426
		<b>7,611,482</b>	5,931,145
<b>Current liabilities</b>			
Trade and other payables	9	<b>142,748</b>	130,020
Amount due to jointly controlled entities		<b>51,816</b>	69,686
Derivative financial instruments		<b>1,408</b>	2,289
Borrowings		<b>768,384</b>	479,102
Income tax payable		<b>61,720</b>	27,214
		<b>1,026,076</b>	708,311
Net current assets		<b>6,585,406</b>	5,222,834
Total assets less current liabilities		<b>18,522,228</b>	16,464,080

**CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED**

	<b>30th September 2013 HK\$'000</b>	<b>31st March 2013 HK\$'000</b>
Non-current liabilities		
Long term borrowings	<b>3,311,203</b>	2,898,786
Medium term notes	<b>616,018</b>	-
Deferred income tax liabilities	<b>72,734</b>	75,995
	<b>3,999,955</b>	2,974,781
	<u>-----</u>	<u>-----</u>
Net assets	<b>14,522,273</b>	13,489,299
	<u>-----</u>	<u>-----</u>
Equity		
Share capital	<b>12,548</b>	12,369
Reserves	<b>13,602,430</b>	12,636,934
Equity attributable to shareholders of the Company	<b>13,614,978</b>	12,649,303
Non-controlling interests	<b>907,295</b>	839,996
	<b>14,522,273</b>	13,489,299
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## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1 Basis of preparation

The unaudited condensed consolidated interim financial information (“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 2013.

The accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31st March 2013, except for the new derivative contracts designated as cash flow hedge instruments and the adoption of new standards, which are relevant to the Group’s operations and are applicable to the Group’s accounting periods beginning on 1st April 2013.

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account.

The following new standards are relevant to the Group’s operations and are mandatory for accounting periods beginning on or after 1st January 2013:

Amendment to HKAS 1	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangement
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement

The adoption of new standards in the current period did not have any significant effect on the Interim Financial Information or result in any substantial changes in the Group’s significant accounting policies.

### 2 Turnover and segment information

Revenue includes revenue from property sales and leasing, hotel and travel operation, management services, interest income and dividend income. Management regards turnover as comprising these revenue as defined under generally accepted accounting principles together with gross consideration from disposal of financial assets at fair value through profit or loss and derivative financial instruments.

## 2 Turnover and segment information (continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>Six months ended 30th September 2013</b>						
Turnover	160,000	52,962	378,955	294,337	8,458	894,712
Segment revenue	<u>160,000</u>	<u>52,962</u>	<u>378,955</u>	<u>175,483</u>	<u>8,458</u>	<u>775,858</u>
Contribution to segment results	107,230	48,066	128,453	175,200	(1,663)	457,286
Depreciation	-	-	(41,080)	-	(1,936)	(43,016)
Net investment gain	-	-	-	611,176	-	611,176
Fair value gain of investment properties	-	97,190	-	-	-	97,190
Share of profits less losses of						
Jointly controlled entities	(1,177)	-	-	-	(545)	(1,722)
Associated companies	-	<u>35,880</u>	-	-	-	<u>35,880</u>
Segment results	106,053	181,136	87,373	786,376	(4,144)	1,156,794
Unallocated corporate expenses						(39,539)
Net finance costs						<u>(38,874)</u>
<b>Profit before income tax</b>						<u><b>1,078,381</b></u>
<b>Six months ended 30th September 2012</b>						
Turnover	683	42,135	360,458	890,022	15,051	1,308,349
Segment revenue	<u>683</u>	<u>42,135</u>	<u>360,458</u>	<u>148,833</u>	<u>15,051</u>	<u>567,160</u>
Contribution to segment results	77	39,221	134,346	148,833	6,982	329,459
Depreciation	-	-	(40,515)	-	(1,993)	(42,508)
Net investment gain	-	-	-	161,066	-	161,066
Fair value gain of investment properties	-	328,718	-	-	-	328,718
Share of profits less losses of						
Jointly controlled entities	24,691	-	-	-	-	24,691
Associated companies	-	<u>109,077</u>	-	-	-	<u>109,077</u>
Segment results	24,768	477,016	93,831	309,899	4,989	910,503
Unallocated corporate expenses						(39,180)
Net finance costs						<u>(23,264)</u>
<b>Profit before income tax</b>						<u><b>848,059</b></u>

## 2 Turnover and segment information (continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>As at 30th September 2013</b>						
Segment assets	2,849,906	6,904,752	3,155,776	5,507,410	259,894	18,677,738
Other unallocated assets						<u>870,566</u>
						<u>19,548,304</u>
<b>Segment assets include:</b>						
Jointly controlled entities and associated companies	1,133,763	1,431,074	-	-	30,385	2,595,222
<b>Addition to non-current assets for the six months ended 30th September 2013*</b>						
	7,456	287	36,652	-	25,772	70,167
<b>Segment liabilities</b>						
Borrowings	1,352,820	469,401	1,517,413	739,953	-	4,079,587
Other unallocated liabilities						<u>946,444</u>
						<u>5,026,031</u>
<hr/>						
<b>As at 31st March 2013</b>						
Segment assets	2,431,386	6,835,321	3,161,726	4,305,832	172,099	16,906,364
Other unallocated assets						<u>266,027</u>
						<u>17,172,391</u>
<b>Segment assets include:</b>						
Jointly controlled entities and associated companies	1,130,713	1,395,193	-	-	926	2,526,832
<b>Addition to non-current assets for the six months ended 30th September 2012*</b>						
	97,845	763	200,852	-	3,795	303,255
<b>Segment liabilities</b>						
Borrowings	1,115,500	474,932	1,474,202	313,254	-	3,377,888
Other unallocated liabilities						<u>305,204</u>
						<u>3,683,092</u>

\* These amounts exclude financial instruments and deferred income tax assets.



## 2 Turnover and segment information (continued)

	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Hong Kong	568,282	372,179
Overseas	<u>207,576</u>	<u>194,981</u>
	<u><b>775,858</b></u>	<u><b>567,160</b></u>
	<b>30th</b>	<b>31st</b>
	<b>September</b>	<b>March</b>
	<b>2013</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets*</b>		
Hong Kong	10,108,210	9,936,789
Overseas	<u>1,044,255</u>	<u>1,058,472</u>
	<u><b>11,152,465</b></u>	<u><b>10,995,261</b></u>

\* These amounts exclude financial instruments and deferred income tax assets.

## 3 Net investment gain

	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Financial assets at fair value through profit or loss		
- net unrealised gain from market price movements	539,400	132,945
- net unrealised exchange gain/(loss)	71,277	(1,888)
- net realised gain (note)	499	28,102
Available-for-sale investments		
- net realised gain	-	2,302
- impairment	<u>-</u>	<u>(395)</u>
	<u><b>611,176</b></u>	<u><b>161,066</b></u>
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	118,854	741,189
Cost of investments	<u>(100,194)</u>	<u>(615,965)</u>
Total gain	<b>18,660</b>	125,224
Less: net unrealised gain recognised in prior years	<u>(18,161)</u>	<u>(97,122)</u>
Net realised gain recognised in current period	<u><b>499</b></u>	<u><b>28,102</b></u>

#### 4 Income and expenses by nature

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
<b>Income</b>		
Interest income		
- Listed investments	165,694	138,009
- Unlisted investments	4	209
- Jointly controlled entities	-	2,260
- Other receivables	1,759	1,936
- Bank deposit	2,735	453
Dividend income		
- Listed investments	9,704	10,161
<b>Expenses</b>		
Cost of properties and goods sold	161,970	99,403
Operating lease rental expenses for land and buildings	<u>4,853</u>	<u>3,756</u>

#### 5 Income tax expense

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
Current income tax		
Hong Kong profits tax	(40,697)	(20,236)
Overseas profits tax	(571)	-
Over provision in prior years	112	3
	<u>(41,156)</u>	<u>(20,233)</u>
Deferred income tax	<u>5,340</u>	<u>3,724</u>
	<u>(35,816)</u>	<u>(16,509)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the rates of tax prevailing in the countries in which the Group operates.

Share of income tax expenses of jointly controlled entities and associated companies for the period of HK\$54,000 (2012: HK\$5,225,000) and HK\$1,817,000 (2012: HK\$2,086,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

#### 6 Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2013 (2012: Nil).

## 7 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$971,791,000 (2012: HK\$789,456,000) and divided by the weighted average number of 1,236,852,853 (2012: 1,230,142,122) shares in issue during the period.

For the six months ended 30th September 2013 and 2012, the Company's and its listed subsidiary's outstanding share options did not have a dilution effect on the earnings per share, so the basic and diluted earnings per share were equal.

## 8 Trade and other receivables

Trade and other receivables of the Group include trade receivables, accrued interest receivable and dividend receivable, loan receivables, prepayments, utility and other deposits.

Trade receivables of the Group amounted to HK\$62,299,000 (31st March 2013: HK\$83,142,000). 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 evaluation of customers are performed periodically.

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

	<b>30th September 2013 HK\$'000</b>	31st March 2013 HK\$'000
0 day to 60 days	<b>60,736</b>	81,500
61 days to 120 days	<b>1,563</b>	1,642
	<b>62,299</b>	83,142

## 9 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\$19,454,000 (31st March 2013: HK\$23,330,000).

Aging analysis of trade payables is as follows:

	<b>30th September 2013 HK\$'000</b>	31st March 2013 HK\$'000
0 day to 60 days	<b>18,509</b>	23,077
61 days to 120 days	<b>602</b>	119
More than 120 days	<b>343</b>	134
	<b>19,454</b>	23,330

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

The Group recorded revenue of HK\$776 million (2012: HK\$567 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$972 million (2012: HK\$789 million), an increase of 37% and 23% respectively.

### PROPERTIES SALES, DEVELOPMENT AND LEASING

#### *Sales*

Sales of the inventory retail podium of Canaryside for HK\$160 million was recognised during the period and the project is completely sold out.

In last financial year, all the inventory residential units of our 50% owned joint venture development, The Westminster Terrace, were fully sold. In interim period last year, this project generated HK\$159 million sales and a pre-tax profit of HK\$63 million.

#### *Development*

The Group is at present engaged in the development of several residential and commercial projects with an attributable GFA of approximately 4.0 million sq. ft., spanning over Hong Kong, Shanghai, Beijing and Macau.

In Hong Kong New Territories, our Hung Shui Kiu development is currently pending land exchange approval. This is a residential and commercial development on an 110,000 sq. ft. site, which will provide approximately 900 residential units and retail shops with an approximate total GFA of 514,000 sq. ft. This development is conveniently located adjacent to a light rail station linked to the West Rail network. It is also positioned to be the station portal for the Hong Kong and Shenzhen Western Railway, connecting to the Qian Hai Bay Economic Zone in Shenzhen. We have a similar development at the Lam Tei station pending land exchange with government.

Luxurious developments at Perkins Road and Henderson Road at Jardine's Lookout on the Hong Kong Island are underway.

In Shanghai, we are building over 300 villas and apartments in a traditional high end and low-density residential neighborhood in the Qingpu district, Puxi. The development is exclusively located, with about a dozen international schools in its surrounding, being minutes away from the Hongqiao transportation hub and about thirty minutes drive from the Nanjing West Road CBD. The Group's 50% joint venture project is now in superstructure stage. The development has a total floor area of approximately 1,080,000 sq. ft. on a 1.5 million sq. ft. site. We expect the development will be completed in 2015 and pre-sale will commence around mid-2014.

In Beijing, our group was successful in gaining planning approvals from the local government of Tongzhou. This 50% joint venture development is a waterfront residential/commercial development with a total floor area of approximately 2,360,000 sq. ft.. Land premium has been paid and land clearances are currently under preparation.

In Macau, planning application for the 190,000 sq. ft. site is underway. This site is located within the proposed residential/commercial Seac Pai Van zoning outline indicated by the Government.

## *Leasing*

Attributable rental income from the Group's 353,000 sq. ft. retail/commercial buildings leasing portfolio in Central, Wan Chai and Causeway Bay amount to HK\$65 million (2012: HK\$55 million), increased by 18%. Substantial rent increase was recorded by retail shops at Asia Standard Tower in Central, effective in the second half of the previous financial year. We will continue to optimize our properties' tenant mix and maximize rental income for the group.

Investment properties revaluation gain (including that generated from properties owned by an associated company) of HK\$124 million was recorded (2012: HK\$427 million).

## **HOTEL**

Revenue arising from the hotel and travel segment amount to HK\$379 million (2012: HK\$360 million). The increase mostly came from travel business. Average room rate of Hong Kong hotels were 3% more than interim period last year, while average occupancies of them stay above 95%, closely approximate to interim period last year. Contribution to segment results before depreciation was approximately HK\$128 million (2012: HK\$134 million), with increased operating costs.

Foundation of the new hotel adjacent to the existing one in Causeway Bay is about to commence, and demolition work of the existing building in the acquired site in Tsimshatsui is scheduled to complete by end November 2013. These two new developed hotels will add 184 rooms to the portfolio upon completion in 2016/2017.

## **FINANCIAL INVESTMENTS**

At 30th September 2013, the Group held financial investments of approximately HK\$5,379 million (31st March 2013: HK\$4,184 million), with HK\$1,684 million (31st March 2013: HK\$1,413 million) held by the listed hotel subsidiary group. The increase was arisen from a mark to market valuation gain of HK\$619 million and a further investment of HK\$576 million.

Interest and dividend income for the period from these investments amounted to HK\$175 million (2012: HK\$149 million). During the period, the Group recorded a net investment gain of HK\$611 million (2012: HK\$161 million) mostly due to the mark to market valuation at period end.

These financial investments comprise 61% by debt securities and 39% by equity securities. They are denominated in different currencies with 54% in United States dollar, 21% in Sterling, 14% in Hong Kong dollar, 5% in Euro and 6% in RMB.

At 30th September 2013, an approximate value of HK\$1,040 million (31st March 2013: HK\$60 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

## **FINANCIAL REVIEW**

At 30th September 2013, the Group's total assets were approximately HK\$19.6 billion, compared to HK\$17.2 billion at end of last financial year. Net assets were HK\$14.5 billion (31st March 2013: HK\$13.5 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$26.2 billion and HK\$21.1 billion respectively, an increase of 11% and 7% compared to HK\$23.5 billion and HK\$19.8 billion at the end of last financial year.

In January 2013, the Group diversified its funding source by establishing a US\$1 billion medium term notes programme. In April 2013, the Group issued RMB500 million medium term notes out of this programme to various individual/institutional investors and financial institutions. The notes carry interest at 6.5% p.a. which, after hedging, give an effective interest rate of approximately 5.5% p.a. for a period of 5 years.

Net debt were HK\$3.7 billion (31st March 2013: HK\$3.0 billion), including HK\$1.6 billion (31st March 2013: HK\$1.6 billion) which belonged to the separately listed hotel subsidiary group. Net debt to revalued net asset value was approximately 17% (31st March 2013: 15%). All the debts (except the medium term note) are at floating rates and secured. As at 30th September 2013, HK\$50 million interest rate swap contract and RMB500 million cross currency interest rate swap contracts were held to hedge our borrowings. Total interest cost increased as a result of the issuance of medium term notes and increased borrowings during the period.

Subsequent to the period end, the Group successfully raised a 4-year unsecured club loan of HK\$1 billion. The funding will be used for future project acquisition, land premium and general working capital.

The maturities of our debts are well spread over a long period of up to 13 years. Revolving loans account for 5% and term loans secured by financial assets repayable between one to five years account for 10%. Term loans secured by property assets account for 72% with 10% repayable within 1 year, 40% repayable between one to five years and 22% repayable after five years. The remaining 13% are medium term notes repayable in 5 years. As at 30th September 2013, the Group had current assets of HK\$7.6 billion (31st March 2013: HK\$5.9 billion).

About 71% of the Group's borrowings are in Hong Kong dollar, 14% in Reminbi, 13% in US dollars, and the remaining 2% in other currencies.

As at 30th September 2013, property assets with an aggregated net book value of HK\$11,573 million (31st March 2013: HK\$10,902 million) were pledged to secure banking facilities of the Group. HK\$357 million guarantee was provided to financial institution against credit facilities granted to jointly controlled entities (31st March 2013: HK\$339 million).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30th September 2013, the Group employed about 470 (31st March 2013: 468) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

## **FUTURE PROSPECTS**

The Hong Kong property market continues to benefit from the ongoing unprecedented liquidity and very low long term interest rates by Central Banks around the world. During the last financial year, various tightening measures were instituted by local authority to counteract the rising demand both in the residential segment and in the commercial segment, which aimed to prevent formation and outburst of property bubble and to bring long term stability in the property market. The effect is seen in the decreased secondary market transaction volume.

At the same time, the PRC property market continues to grow strongly as illustrated by the tremendous sales turnover announced by numerous mainland developers, coupled with increase in selling price during the period. With the incorporation of urbanization scheme in the twelfth five-year plan, we remain confident on the Mainland economy and long term positive demand of the property market in the PRC.

With the continual influx of business and leisure travelers, particularly from Mainland, we are optimistic on the performance of our hotel operations and are expanding our hotel business in proven locations.

## **INTERIM DIVIDEND**

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2013 (2012: Nil).

## **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 purchased or sold any of the Company's listed securities during the period.

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

The Company has adopted the Model Code for Securities Transactions by Directors 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 period, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the period ended 30th September 2013.

## **CORPORATE GOVERNANCE CODE**

During the period, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules, except the following deviations :-

1. Code Provision A.4.1 of CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All 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; and
2. Code Provision A.5.1 of CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for reviewing the structure, size and composition of the Board, the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may from time to time and at any time appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall retire at the next annual general meeting but shall then be eligible for re-election at the meeting.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2013.

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

Hong Kong, 26th November 2013

*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. Poon Hai, Mr. Lun Pui Kan, Mr. Kwan Po Lam Phileas, and the independent non-executive directors are Mr. Koon Bok Ming Alan, Mr. Leung Wai Keung and Mr. Wong Chi Keung.*