



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 129)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2006

FINANCIAL HIGHLIGHTS For the year ended 31st March (In HK\$ million, except otherwise indicated)	2006	2005 (restated)	Change (%)
Turnover	744	707	+5
Operating profit	288	207	+39
Share of profits less losses of jointly controlled entities and associated companies	31	196	-84
Profit attributable to shareholders of the Company	168	279	-40
Dividends per share (HK cents)	0.6	0.6	-
Net assets	4,095	3,674	+11
Equity attributable to shareholders of the Company	3,436	3,272	+5
Net debt	1,859	2,247	-17
Unaudited supplementary information with hotel properties at valuations:			
Revalued net assets	5,402	4,731	+14
Equity attributable to shareholders of the Company	4,291	4,023	+7
Equity attributable to shareholders of the Company per share (HK\$)	0.85	0.79	+7
Net debt to revalued net asset value (%)	34%	48%	-14

The Directors of Asia Standard International Group Limited (the "Company") announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2006 together with the comparative figures for the year ended 31st March 2005 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2006

	Note	2006 HK\$'000	2005 HK\$'000 (restated)
Turnover	4, 6	744,390	706,602
Cost of sales	6	(473,475)	(479,741)
Gross profit		270,915	226,861
Administrative expenses	6	(124,942)	(110,722)
Other income and charges	5, 6	141,809	91,127
Operating profit		287,782	207,266
Finance costs	7	(116,963)	(96,008)
Share of profits less losses of Jointly controlled entities Associated companies		(6,372) 37,199	163,870 32,406
Profit before income tax		201,646	307,534
Income tax expense	8	(38,084)	(22,449)
Profit for the year		163,562	285,085
Attributable to:			
Shareholders of the Company		167,860	278,707
Minority interests		(4,298)	6,378
		163,562	285,085
Dividends	9	30,462	28,526
Earnings per share			
Basic	10	3.31 cents	6.61 cents
Diluted	10	3.31 cents	6.26 cents

CONSOLIDATED BALANCE SHEET

As at 31st March 2006

	Note	2006 HK\$'000	2005 HK\$'000 (restated)
Non-current assets			
Property, plant and equipment		856,586	876,041
Investment properties		2,046,470	1,475,310
Leasehold land		1,378,106	1,398,462
Jointly controlled entities		134,817	144,634
Associated companies		473,867	443,138
Goodwill		8,651	3,548
Mortgage loans receivable		9,800	12,085
Deferred income tax assets		98,820	91,646
		5,007,117	4,444,864

	Note	2006 HK\$'000	2005 HK\$'000 (restated)
Current assets			
Properties held for/under development for sale		1,182,333	1,075,658
Completed properties held for sale		196,690	579,763
Mortgage loans receivable		420	324
Hotel and restaurant inventories		2,566	2,690
Trade and other receivables	11	156,460	103,523
Financial assets at fair value through profit or loss		84,458	104,838
Derivative financial instruments		5,257	-
Current income tax recoverable		213	224
Bank balances and cash		348,220	461,743
		1,976,617	2,328,763
Current liabilities			
Trade and other payables	12	147,167	118,705
Amount due to an associated company		51,150	51,150
Deposits received on properties pre-sold		212,068	-
Short term bank loans and overdrafts			
Secured		50,000	-
Unsecured		-	8,778
Convertible bonds		218,265	-
Current portion of long term loans		58,312	125,920
Amounts due to minority shareholders		105,509	101,581
Current income tax payable		23,896	19,916
		866,367	426,050
Net current assets		1,110,250	1,902,713
Total assets less current liabilities		6,117,367	6,347,577
Non-current liabilities			
Convertible bonds		-	321,414
Long term loans		1,880,954	2,252,161
Deferred income tax liabilities		141,502	100,223
		2,022,456	2,673,798
Net assets		4,094,911	3,673,779
Equity			
Share capital		50,769	50,760
Reserves		3,385,251	3,221,504
Equity attributable to shareholders of the Company		3,436,020	3,272,264
Minority interests		658,891	401,515
		4,094,911	3,673,779

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

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

2 Change in accounting policies

Commencing from 1st April 2005, the Group adopted the new/revised standards and interpretations of HKFRS set out below, which are relevant to its operations and have significant effect on the financial statements. The comparatives have been amended as required, in accordance with the relevant provisions of these new/revised standards and interpretations.

HKAS 1	Presentation of Financial Statements
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations
HK-Int 3	Pre-completion Contracts for the Sale of Development Properties
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

(i) Presentation of Financial Statements

HKAS 1 has affected the presentation of minority interests, share of net after-tax results of jointly controlled entities, associated companies and other disclosures.

(ii) Hotel properties

The adoption of HKAS 16 and HKAS 40 has resulted in a change in the accounting policy for the Group's hotel properties, which are now stated at cost less accumulated depreciated and impairment loss. In prior years, hotel properties were stated at valuation and were not depreciated.

(iii) Leasehold land in Hong Kong

The adoption of revised HKAS 17 and HK-Int 4 has resulted in a change in the accounting policy relating to the reclassification of leasehold land to prepaid operating leases. The up-front prepayments made for the leasehold land are expensed in the profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account. In prior years, the leasehold land was stated at cost.

(iv) Goodwill

The adoption of HKAS 36, HKAS 38 and HKFRS 3 results in a change in the accounting policy for goodwill. The Group ceased amortisation of goodwill from 1st April 2005; accumulated amortisation as at 31st March 2005 has been eliminated with a corresponding decrease in the cost of goodwill and from the year ended 31st March 2006 onwards, goodwill is tested at least annually for impairment, as well as when there is indication of impairment.

(v) Financial instruments

The adoption of HKASs 32 and 39 has resulted in a change in the classification of financial assets at fair value through profit or loss and the measurement of financial liabilities.

While there is no change in their measurement basis and the treatment of subsequent fair value changes, financial assets at fair value through profit or loss were previously classified as other investments.

Borrowings are now recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the profit and loss account over the period of the borrowing using the effective interest method. Borrowings were previously carried at cost.

The adoption has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

(vi) Investment properties

The adoption of revised HKAS 40 has resulted in a change in the accounting policy in respect of which the changes in fair values of investment properties are recorded in the profit and loss account as part of other income. In prior years, the changes in fair value were credited or charged to revaluation reserve.

The adoption of revised HKAS-Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred income tax liabilities arising from the revaluation of investment properties. Such deferred income tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use.

(vii) Share options

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. The Group now expenses the cost of share options in the profit and loss account whereas no cost was recognised in the past.

(viii) Pre-completion sale of development properties

The adoption of HK-Int 3 has resulted in a change in the accounting policy for the revenue recognition of pre-completion sale of development properties. The stage of completion method would no longer be used to recognise revenue from pre-completion sale of development properties and revenue is now recognised after the completion of those properties.

The adoption of new/revised HKASs 2, 7, 8, 10, 21, 23, 24, 27, 28, 31, 33 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All the new/revised standards adopted by the Group require retrospective application other than those stated below:

- HKAS 39 – the adjustments to recognise all derivatives at fair value and to remeasure those financial assets or financial liabilities are adjusted to the opening balance of the revenue reserve at 1st April 2005;
- HKFRS 2 – only retrospective application for all equity instruments granted after 7th November 2002 and not vested on 1st January 2005;
- HKFRS 3 and HK-Int 3 – prospectively after the adoption date.

A summary of effects of the change in accounting policies between the Statements of Standard Accounting Practices in effect until 31st December 2004 (the "Old Hong Kong Accounting Standards") and the new HKFRS which has been applied in the financial statements for the year ended 31st March 2006 is set out in note 3.

Certain new standards and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning or after 1st April 2006 or later periods but which the Group has not early adopted, as follows:

- HKAS 39 and HKFRS 4 (Amendment) – Financial Guarantee Contracts (effective from 1st April 2006);
- HKFRS 7 – Financial Instruments: Disclosures, and a complementary Amendment to HKAS 1, Presentation of Financial Statement – Capital Disclosures (effective from 1st April 2007).

These new standard and amendments have no material effect on the Group's financial statements.

3 Summary of effects of the change in accounting policies**(a) Effects of the change in accounting policies on consolidated profit and loss account**

	Profit attributable to shareholders of the Company HK\$'000	Basic EPS HK cents
Year ended 31st March 2006		
Reported under the Old Hong Kong Accounting Standards	(112,207)	(2.22)
HKAS 16		
Increase in rental income	1,518	0.03
Increase in administrative expense	(472)	(0.01)
Increase in depreciation	(50,493)	(0.99)
Revaluation deficit of hotel property	14,438	0.28
Decrease in loss on deemed disposal of interest in a listed subsidiary	120,125	2.37
Renovation costs of hotel property capitalised	22,162	0.44
Decrease in income tax expense	9,836	0.19
Decrease in profit attributable to minority interests	1,662	0.03
HKAS 17 and HK-Int 4		
Amortisation of leasehold land	(29,071)	(0.57)
Decrease in loss on deemed disposal of interest in a listed subsidiary	26,851	0.53
Increase in interest expense	(2,281)	(0.04)
Increase in income tax expense	(855)	(0.02)
Decrease in share of profits less losses of		
Jointly controlled entities	(129)	–
Associated companies	(3,607)	(0.07)
Decrease in profit attributable to minority interests	10,365	0.20

	Profit attributable to shareholders of the Company HK\$'000	Basic EPS HK cents
Year ended 31st March 2006		
HKAS 32 and HKAS 39		
Increase in interest income	35	–
Decrease in interest expense	3,527	0.07
Increase in income tax expense	(827)	(0.02)
Increase in profit attributable to minority interests	(540)	(0.01)
HKAS 36, HKAS 38 and HKFRS 3		
Decrease in amortisation of goodwill	255	0.01
HKAS 40		
Surplus on revaluation of investment properties	250,252	4.93
Increase in share of profits less losses of associated companies	49,170	0.97
HKAS-Int 3		
Decrease in turnover	(313,346)	(6.17)
Decrease in cost of sales	202,843	4.00
Decrease in administrative expenses	14,778	0.29
Decrease in income tax expense	14,899	0.29
HKAS-Int 21		
Decrease in share of profits less losses of associated companies	(8,605)	(0.17)
Increase in income tax expense	(44,194)	(0.87)
HKFRS 2		
Increase in employee's share option expense	(17,500)	(0.34)
Decrease in income tax expense	3,063	0.06
Decrease in profit attributable to minority interests	6,208	0.12
	280,067	5.53
Reported under new HKFRS	167,860	3.31
Year ended 31st March 2005		
Reported under the Old Hong Kong Accounting Standards	202,041	4.79
HKAS 16		
Increase in rental income	1,305	0.03
Increase in depreciation	(49,502)	(1.17)
Renovation costs of hotel property capitalised	6,822	0.16
Decrease in income tax expense	8,854	0.21
Decrease in profit attributable to minority interests	10,124	0.24
HKAS 17 and HK-Int 4		
Amortisation of leasehold land	(29,720)	(0.71)
Increase in interest expense	(2,282)	(0.05)
Decrease in income tax expense	459	0.01
Decrease in share of profits less losses of		
Jointly controlled entities	(130)	–
Associated companies	(3,606)	(0.09)
Decrease in profit attributable to minority interests	7,838	0.19
HKAS 32 and HKAS 39		
Increase in interest expense	(585)	(0.01)
Decrease in profit attributable to minority interests	147	–
HKAS 40		
Surplus on revaluation of investment properties	112,290	2.67
Increase in share of profits less losses of associated companies	41,580	0.99
HKAS-Int 21		
Decrease in share of profits less losses of associated companies	(7,277)	(0.17)
Increase in income tax expense	(19,651)	(0.48)
	76,666	1.82
Reported under new HKFRS	278,707	6.61

(b) Effects of the change in accounting policies on consolidated balance sheet

	HKAS 16 HK\$'000	HKAS 17 and HK-Int 4 HK\$'000	HKAS 32 and HKAS 39 HK\$'000	HKAS 36, HKAS 38 and HKFRS 3 HK\$'000	HKAS 40 HK\$'000	HKFRS 2 HK\$'000	HKAS- Int 3 HK\$'000	HKAS- Int 21 HK\$'000	Total HK\$'000
At 31st March 2006									
<i>Increase/(decrease) in net assets/equity</i>									
Property, plant & equipment	(1,162,095)	(1,573,615)	–	–	7,939	–	–	–	(2,727,771)
Investment properties	–	–	–	–	(68,530)	–	–	–	(68,530)
Leasehold land	–	1,346,429	–	–	31,677	–	–	–	1,378,106
Jointly controlled entities	–	(904)	–	–	–	–	–	–	(904)
Associated companies	–	(10,820)	–	–	–	–	–	(22,955)	(33,775)
Goodwill	–	–	–	255	–	–	–	–	255
Derivative financial instruments	–	–	5,257	–	–	–	–	–	5,257
Mortgage loans receivables	–	–	725	–	–	–	–	–	725
Deferred income tax assets	34,644	–	–	–	–	–	14,899	–	49,543
Trade and other receivables	–	–	(8,181)	–	–	–	(86,500)	–	(94,681)
Properties held for/under development for sale	1,114	(178,760)	–	–	–	–	202,843	–	25,197
Total assets	(1,126,337)	(417,670)	(2,199)	255	(28,914)	–	131,242	(22,955)	(1,466,578)
Convertible bonds	–	–	1,171	–	–	–	–	–	1,171
Deposits received on properties pre-sold	–	–	–	–	–	–	(212,068)	–	(212,068)
Long term loans	–	–	8,181	–	–	–	–	–	8,181
Deferred income tax liabilities	48,625	18,824	(828)	–	–	3,063	–	(139,011)	(69,327)
Net assets	(1,077,712)	(398,846)	6,325	255	(28,914)	3,063	(80,826)	(161,966)	(1,738,621)
Investment properties revaluation reserve	–	–	–	–	(947,160)	–	–	–	(947,160)
Hotel properties revaluation reserve	(569,206)	–	–	–	–	–	–	–	(569,206)
Capital reserve	–	–	–	(362)	–	–	–	–	(362)
Share option reserve	–	–	–	–	–	160	–	–	160
Revenue reserve	(140,578)	(271,137)	5,785	617	918,246	1,586	(80,826)	(161,966)	271,727
Minority interests	(367,928)	(127,709)	540	–	–	1,317	–	–	(493,780)
Equity	(1,077,712)	(398,846)	6,325	255	(28,914)	3,063	(80,826)	(161,966)	(1,738,621)

	HKAS 17 HKAS 16 HK\$'000	HKAS 32 and HK-Int 4 HK\$'000	HKAS 36, HKAS 38 and HKFRS 3 HK\$'000	HKAS 40 HK\$'000	HKAS- Int 21 HK\$'000	Total HK\$'000
At 31st March 2005						
<i>Increase/(decrease) in net assets/equity</i>						
Property, plant & equipment	(921,572)	(1,573,615)	-	-	9,965	(2,485,222)
Investment properties	-	-	-	(64,690)	-	(64,690)
Leasehold land	-	1,366,524	-	-	31,938	1,398,462
Jointly controlled entities	-	(775)	-	-	-	(775)
Associated companies	-	(7,214)	-	-	(14,350)	(21,564)
Deferred income tax assets	36,798	-	-	-	-	36,798
Trade and other receivables	-	-	(10,353)	-	-	(10,353)
Properties held for/under development for sale	1,114	(167,502)	-	-	-	(166,388)
Total assets	(883,660)	(382,582)	(10,353)	-	(22,787)	(1,313,732)
Convertible bonds	-	-	2,900	-	-	2,900
Long term loans	-	-	10,353	-	-	10,353
Deferred income tax liabilities	39,755	19,679	-	-	(94,817)	(35,383)
Net assets	(843,905)	(362,903)	2,900	-	(22,787)	(1,335,862)
Investment properties revaluation reserve	-	-	-	(641,611)	-	(641,611)
Hotel properties revaluation reserve	(423,029)	-	-	-	-	(423,029)
Revenue reserve	(176,406)	(272,410)	2,900	618,824	(109,167)	63,741
Minority interests	(244,470)	(90,493)	-	-	-	(334,963)
Equity	(843,905)	(362,903)	2,900	-	(109,167)	(1,335,862)
At 1st April 2005						
<i>Increase/(decrease) in equity</i>						
Capital reserve	-	-	(362)	-	-	(362)
Revenue reserve	-	-	690	362	-	1,052
Equity	-	-	690	-	-	690
At 1st April 2004						
<i>Increase/(decrease) in equity</i>						
Investment properties revaluation reserve	-	-	-	(483,031)	-	(483,031)
Hotel properties revaluation reserve	(343,866)	-	-	-	-	(343,866)
Revenue reserve	(148,171)	(249,877)	2,995	469,943	(82,240)	(7,350)
Minority interests	(197,884)	(82,655)	-	-	-	(280,539)
Equity	(689,921)	(332,532)	2,995	-	(13,088)	(1,114,786)

4 Segment information

An analysis of turnover and contribution to the Group's results by business segments and geographical segments is set out below:

Business segments

	Property sales	Property leasing	Hotel and travel	Other operations	Group
2006 (in HK\$'000)					
Segment revenue	74,531	55,332	569,792	44,735	744,390
Contribution to segment results	(8,200)	50,582	135,703	3,426	181,511
Other income/(charges)	(11,052)	257,535	(108,757)	4,083	141,809
Unallocated corporate expenses	-	-	-	-	(35,538)
Operating profit	-	-	-	-	287,782
Finance costs	-	-	-	-	(116,963)
Share of results of					
Jointly controlled entities	(6,361)	-	-	(11)	(6,372)
Associated companies	(7,633)	45,832	-	(1,000)	37,199
Profit before income tax	-	-	-	-	201,646
Income tax expense	-	-	-	-	(38,084)
Profit for the year	-	-	-	-	163,562
2005 (restated) (in HK\$'000)					
Segment revenue	41,995	51,555	569,248	43,804	706,602
Contribution to segment results	(30,756)	47,242	104,886	27,904	149,276
Other income/(charges)	25,952	111,892	(83,721)	37,004	91,127
Unallocated corporate expenses	-	-	-	-	(33,137)
Operating profit	-	-	-	-	207,266
Finance costs	-	-	-	-	(96,008)
Share of results of					
Jointly controlled entities	163,837	-	-	33	163,870
Associated companies	(6,359)	38,987	-	(222)	32,406
Profit before income tax	-	-	-	-	307,534
Income tax expense	-	-	-	-	(22,449)
Profit for the year	-	-	-	-	285,085
2006 (in HK\$'000)					
Segment assets	1,277,064	2,316,620	2,249,903	158,297	6,001,884
Jointly controlled entities and associated companies	290,702	316,947	-	1,035	608,684
Unallocated assets	-	-	-	-	373,166
					6,983,734
Segment liabilities	754,788	911,780	940,275	26,027	2,632,870
Unallocated liabilities	-	-	-	-	255,953
					2,888,823
Capital expenditure	-	-	22,656	344	23,000
Depreciation	-	-	51,287	2,364	53,651
Amortisation of leasehold land	8,977	-	20,040	316	29,333
2005 (restated) (in HK\$'000)					
Segment assets	1,114,474	2,118,533	2,333,849	159,396	5,726,252
Jointly controlled entities and associated companies	315,569	271,116	-	1,087	587,772
Unallocated assets	-	-	-	-	459,603
					6,773,627
Segment liabilities	617,611	899,387	1,313,106	35,847	2,865,951
Unallocated liabilities	-	-	-	-	233,897
					3,099,848
Capital expenditure	22	-	7,009	416	7,447
Depreciation	-	-	50,347	390	50,737
Amortisation of leasehold land	9,364	-	20,040	316	29,720
Amortisation of goodwill	-	-	2,464	-	2,464

Geographical segments

	Segment revenue	Operating profit/(loss)	Total assets	Capital expenditure
2006 (in HK\$'000)				
Hong Kong	657,403	276,936	6,619,568	20,216
Mainland China	9,412	2,327	56,190	2,727
Canada	77,575	8,519	307,976	57
	744,390	287,782	6,983,734	23,000
2005 (restated) (in HK\$'000)				
Hong Kong	627,565	207,399	6,386,606	7,443
Mainland China	11,127	(1,728)	78,089	4
Canada	67,910	1,595	308,932	-
	706,602	207,266	6,773,627	7,447

5 Other income and charges

	2006 HK\$'000	2005 HK\$'000 (restated)
Write-back of provision for diminution in value of properties held for/under development for sale	2,920	35,316
Net fair value gains on financial assets at fair value through profit or loss	9,380	35,226
Depreciation	(53,651)	(50,737)
Amortisation of leasehold land	(29,333)	(29,720)
Surplus on revaluation of investment properties	252,540	112,290
(Provision)/write-back of provision for impairment of doubtful debts	(2,618)	6,033
Employee's share option expense of a listed subsidiary	(17,500)	-
Loss on deemed disposal of interest in a listed subsidiary	(19,929)	-
Loss on disposal of subsidiaries	-	(3,946)
Impairment loss of goodwill	-	(10,871)
Amortisation of goodwill	-	(2,464)
	141,809	91,127

6 Income and expenses by nature

	2006 HK\$'000	2005 HK\$'000 (restated)
Income		
Interest income	13,055	5,186
Dividends from listed financial assets at fair value through profit or loss	1,976	335
Net fair value gains on financial assets at fair value through profit or loss	9,380	35,226
Net realised gains on financial assets at fair value through profit or loss	-	22,383
Expenses		
Depreciation	53,651	50,737
Amortisation of leasehold land	29,333	29,720
Provision for impairment of long term investment	-	1,601
Net realised losses on financial assets at fair value through profit or loss	12,286	-
Amortisation of goodwill	-	2,464
Impairment loss of goodwill	-	10,871

7 Finance costs

	2006 HK\$'000	2005 HK\$'000 (restated)
Interest expense		
Long term bank loans	109,886	72,779
Convertible bonds	29,750	31,009
Convertible notes	-	1,335
Loans from minority shareholders of subsidiaries	3,928	3,091
Short term bank loans and overdrafts	1,576	3,616
Fair value gains on interest rate swaps	(5,257)	-
	139,883	111,830
Capitalised as cost of properties under development		
Interest expense	(22,920)	(15,822)
	116,963	96,008

To the extent funds are borrowed generally and used for the purpose of financing certain properties under development, the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation as part of the costs of these properties under development is 7.3% (2005: 5.4%) per annum.

8 Income tax expense

	2006 HK\$'000	2005 HK\$'000 (restated)
Current income tax		
Hong Kong profits tax	3,980	10,604
Overprovisions in prior years	-	(140)
	3,980	10,464
Deferred income tax	34,104	11,985
	38,084	22,449

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 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 HK\$17,000 (2005: HK\$36,850,000) and HK\$9,861,000 (2005: HK\$8,436,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

9 Dividends

	2006 HK\$'000	2005 HK\$'000
Interim, paid, of nil (2005: HK0.2 cent) per share	–	8,222
Final, proposed, of HK0.6 cent (2005: HK0.4 cent) per share	<u>30,462</u>	<u>20,304</u>
	<u>30,462</u>	<u>28,526</u>

Note:

At a meeting held on 13th July 2006, the Board has declared a final dividend of HK0.6 cent per share. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2007.

10 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company of HK\$167,860,000 (2005 restated: HK\$278,707,000) and on the weighted average of 5,076,403,356 (2005: 4,215,293,826) shares in issue during the year.

The basic and diluted earnings per share for the year ended 31st March 2006 are the same as the exercise of subscription rights attached to the share options and the conversion of the convertible bonds would not have a dilutive effect on the earnings per share.

The calculation of diluted earnings per share for the year ended 31st March 2005 is based on HK\$304,289,000 (restated) equalling to the profit attributable to shareholders of the Company of HK\$278,707,000 (restated) plus after tax interest savings of HK\$25,582,000 (restated) and 4,861,503,872 shares equalling to the weighted average number of 4,215,293,826 shares in issue during the year plus 646,210,046 potential shares deemed to be in issue assuming the convertible bonds had been converted.

11 Trade and other receivables

Trade receivables amounted to HK\$43,779,000 (2005: HK\$42,044,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

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

	Group	
	2006 HK\$'000	2005 HK\$'000
0 day to 60 days	41,656	36,805
61 days to 120 days	2,001	2,382
More than 120 days	122	2,857
	<u>43,779</u>	<u>42,044</u>

12 Trade and other payables

Trade payables amounted to HK\$18,407,000 (2005: HK\$18,465,000).

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

	Group	
	2006 HK\$'000	2005 HK\$'000
0 day to 60 days	17,309	16,633
61 days to 120 days	32	381
More than 120 days	1,066	1,451
	<u>18,407</u>	<u>18,465</u>

13 Subsequent events

(a) On 17th May 2006, Asia Standard Hotel Group Limited ("AS Hotel") offered a right issue of 3,154,054,340 rights shares at HK\$0.09 per rights share on the basis of one rights share for every two existing shares held on the record date. It raised net proceeds of approximately HK\$281 million for repayment of part of AS Hotel's long term bank loans. The Company has subscribed for 1,794,167,579 rights shares of AS Hotel amounted to HK\$161 million.

(b) In May 2006, Asia Standard International Capital Limited ("ASICL"), a wholly owned subsidiary of the Company, issued convertible notes of the principal amount of HK\$94 million to independent third parties. The convertible notes bear interest at 4% per annum payable semi-annually in arrears. Each holder of the notes had the option to convert the notes into fully paid shares of HK\$0.01 each of the Company at a conversion price of HK\$0.305 per share, subject to adjustment, at any time from the date of issue to 30 days before the maturity date of 3 years from the date of issue. The issuer has the option at its discretion to repay the convertible notes in whole or in part at any time commencing twelve months after the issue date.

DIVIDEND

The Directors recommend a final dividend for the year ended 31st March 2006 of HK0.6 cent (2005: HK0.4 cent) per share to shareholders whose names appear on the Company's Register of Members on 28th August 2006 ("Record Date"), amounting to HK\$30,462,000. The shareholders will be given an option to elect to receive shares of the Company credited as fully paid in lieu of cash in respect of part or all of the proposed dividend ("Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the annual general meeting to be held on 28th August 2006; and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the three trading days prior to and including the Record Date. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders. New shares certificates will be posted on or about 3rd October 2006.

OPERATIONAL AND FINANCIAL REVIEW**Properties sales and development**

During the year, the Group has achieved property sales of approximately HK\$525 million, which includes HK\$450 million from presale of the Canaryside project. According to the new accounting policy, the income and the corresponding profit from such presale will be recognised in the profit and loss account in the coming financial year when the development is completed. As a result, turnover from property sales only amounted to HK\$75 million, which was mainly from the sale of about 15,400 sq. ft. of office space at No.28 Marble Road together with some residential inventory flats.

The Phase I sales campaign of Canaryside has received good response in the local property market with 60% of the residential flats pre-sold. The seaside development will provide 210 residential units and two storeys of retail shops, with a total GFA of 190,000 sq. ft.. Completion will be around the last quarter of year 2006. Another low-rise 43,000 sq. ft. GFA residential development in Ping Shan of Yuen Long will also be completed in the next few months. Sales of properties will be launched soon after completion with estimated revenue of over HK\$650 million.

The 195,000 sq. ft. joint venture luxury residential development in Castle Peak Road with our strategic partner, Grosvenor, is in foundation stage. Land premium of HK\$347 million was paid. Negotiation with Hong Kong Government for land premium of a development in Aberdeen is close to finalisation, while that for development in Hung Shui Kiu, Yuen Long is still being conducted. Currently the Group has 1.1 million sq. ft. GFA of properties under development.

Leasing

Rental income attributable to the Group for the year was approximately HK\$67 million, an increase of 10% from previous year. This is mainly due to slightly increase of average occupancies to 91% from 89% and the increase of unit rate upon renewal of old tenancy. In coming year, tenancies of 38% of leased area will be renewed and we expect that the rate will be continuously improving, with the rising rental income to be reflected in coming years.

Hotel

The Hotel group's performance is encouraging. The number of tourist arrivals to Hong Kong reached record high of 23 million in year 2005. As a result, the turnover for Hong Kong based hotels increased to HK\$193 million from HK\$163 million while contribution increased by 19%. The turnover of our Landmark Hotel in Vancouver also increased by 14%, partly due to exchange rate appreciation. Overall, the hotel group generated 30% increase in gross operating profit to HK\$136 million. However, due to the provision of depreciation and amortisation on hotel properties together with other charges arising from the adoption of new accounting standards, the hotel group reported a loss of HK\$21 million for the year.

During the year, the Hotel group has raised HK\$246 million new capital through the issue of new shares. Our shareholding in Hotel group was reduced to 57% from 70% and a loss on deemed disposal of HK\$20 million is recorded. The new capital was used to repay bank loans.

New Accounting Policies

The Group has adopted new accounting policies due to the new/revised Hong Kong Financial Reporting Standards. While these accounting policies changes do not affect the Group's underlying business and, in particular, have no effect on the cashflow, the Group's reported earnings and net asset value are substantially changed. The major effect of these changes is summarised as follows:

1. Owner-operated hotel properties are stated as cost less depreciation and leasehold land on which they are situated is amortised to profit and loss account over the lease period. Previously, they were carried at open market value and were not depreciated.
2. Revaluation surplus of investment properties are recorded in profit and loss account instead of revaluation reserve. Deferred income tax has to be provided for the revaluation surplus of investment properties notwithstanding the fact that capital gain on properties in Hong Kong is not taxable.
3. Profit on presale of development property is not recognised until after the completion of the development, which is different from the percentage of completion method adopted in prior years.
4. Fair value of share options granted is expensed in the profit and loss account.

Financial Review

At 31st March 2006, the Group's total assets stood at HK\$7.0 billion (2005 restated: HK\$6.8 billion), and the net assets amounted to HK\$4.1 billion (2005 restated: HK\$3.7 billion). Due to the adoption of new/revised accounting standards, both total assets and net assets were reduced by HK\$1.3 billion for 2005, while the effect on 2006 amounts to HK\$1.5 billion and HK\$1.7 billion respectively. Taking into account the market value of hotel properties, the revalued net assets of the Group would be HK\$5.4 billion for year 2006 and HK\$4.7 billion for year 2005.

Net borrowing was reduced substantially to HK\$1.9 billion (2005: HK\$2.2 billion) of which HK\$0.8 billion (2005: HK\$1.2 billion) belonged to the separately listed hotel group. Net debt to revalued net asset value was significantly reduced to 34% (2005 restated: 48%).

All our group's borrowings are in Hong Kong dollar except the Empire Landmark Hotel in Vancouver which is denominated in Canadian dollar. All the debts, except the convertible bonds, were at floating rates and in order to mitigate the increase of interbank rate, interest rate swaps totaling HK\$825 million were contracted to fix the borrowing rate for three to five years. The maturity of our debts spread over a period of up to eleven years, and over 50% were repayable after five years. During the year, the Group redeemed HK\$100 million convertible bonds issued in 2002 which carry coupon at 7%. In May 2006, it issued HK\$94 million 3-year convertible notes with coupon rate at 4% to further repay part of the outstanding convertible bonds.

As at 31st March 2006, assets with an aggregated net book value of HK\$5,550 million (2005 restated: HK\$5,275 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\$141 million (2005: HK\$159 million).

Employees and Remuneration Policies

As at 31st March 2006, the Group employed 397 employees and approximate 90% worked for the separately listed hotel subgroup. The remuneration packages including basic salary, annual bonus, retirement and other benefit are commensurate with their job nature and experience level.

Purchase, sale or redemption of listed securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

Code of conduct regarding securities transactions by Directors

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

Audit Committee

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

The audited financial statements of the Group for the year ended 31st March 2006 have been reviewed by the Audit Committee.

Book closure

The Register of Members will be closed from Thursday, 24th August 2006 to Monday, 28th August 2006, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 23rd August 2006.

By Order of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 13th July 2006

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