



# ASIA STANDARD INTERNATIONAL GROUP LIMITED

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

## ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

The Directors of Asia Standard International Group Limited (the "Company") announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2006 together with the comparative figures for the six months ended 30th September 2005 were as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT – UNAUDITED

		Six months ended 30th September 2006	2005
	Note	HK\$'000	HK\$'000
Turnover	2	432,885	403,400
Cost of sales		(267,980)	(273,115)
Gross profit		164,905	130,285
Administrative expenses		(63,380)	(59,568)
Other income and charges	3	30,359	42,391
Operating profit	4	131,884	113,108
Finance costs	5	(63,641)	(58,302)
Share of profits less losses of			
Jointly controlled entities		1,404	521
Associated companies		12,845	10,133
Profit before income tax		82,492	65,460
Income tax expense	6	(20,316)	(20,322)
Profit for the period		62,176	45,138
Attributable to:			
Shareholders of the Company		54,637	51,967
Minority interests		7,539	(6,829)
		62,176	45,138
Dividend	7	23,947	–
Earnings per share			
Basic	8	1.08 cents	1.02 cents
Diluted	8	1.06 cents	1.02 cents

### CONSOLIDATED BALANCE SHEET – UNAUDITED

		30th September 2006	31st March 2006
	Note	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		855,035	856,586
Investment properties		2,140,750	2,046,470
Leasehold land		1,367,928	1,378,106
Jointly controlled entities		227,746	134,817
Associated companies		487,105	473,867
Goodwill		8,651	8,651
Mortgage loan receivables		10,088	9,800
Deferred income tax assets		90,688	98,820
		5,187,991	5,007,117
Current assets			
Properties held for/under development for sale		1,469,410	1,182,333
Completed properties held for sale		141,651	196,690
Mortgage loan receivables		437	420
Hotel and restaurant inventories		2,624	2,566
Trade and other receivables	9	159,629	156,460
Financial assets at fair value through profit or loss		28,828	84,458
Derivative financial instruments		–	5,257
Current income tax recoverable		3	213
Bank balances and cash		165,004	348,220
		1,967,586	1,976,617
Current liabilities			
Trade and other payables	10	145,560	147,167
Amount due to an associated company		51,150	51,150
Deposits received on properties pre-sold		369,439	212,068
Short term bank loans and overdrafts			
Secured		80,000	50,000
Unsecured		10,000	–
Convertible bonds		134,926	218,265
Current portion of long term loans		72,274	58,312
Derivative financial instruments		3,088	–
Amounts due to minority shareholders		107,766	105,509
Current income tax payable		21,209	23,896
		995,412	866,367
Net current assets		972,174	1,110,250
Total assets less current liabilities		6,160,165	6,117,367
Non-current liabilities			
Convertible notes		88,867	–
Long term loans		1,638,056	1,880,954
Deferred income tax liabilities		156,373	141,502
		1,883,296	2,022,456
Net assets		4,276,869	4,094,911

	30th September 2006	31st March 2006
	HK\$'000	HK\$'000
Equity		
Share capital	50,769	50,769
Reserves	3,449,584	3,385,251
Equity attributable to shareholders of the Company	3,500,353	3,436,020
Minority interests	776,516	658,891
	4,276,869	4,094,911

### NOTES TO THE ACCOUNTS

#### 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 (the "HKICPA"), and should be read in conjunction with the annual financial statements for the year ended 31st March 2006.

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 2006. For the six months ended 30th September 2006, the Group has also applied the new standards, amendments and interpretations issued by the HKICPA that are effective for the accounting periods beginning on or after 1st January 2006. However, the adoption of these new standards, amendments and interpretations does not have significant effect on the accounting policies or results and financial position of the Group.

#### 2. Segment information

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

	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 2006					
Segment revenue	55,984	27,019	310,795	39,087	432,885
Contribution to segment results	3,356	24,770	87,272	6,187	121,585
Other income/(charges)	(4,661)	94,280	(34,186)	(25,074)	30,359
Unallocated corporate expenses					(20,060)
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
Six months ended 30th September 2005					
Segment revenue	53,613	26,777	290,169	32,841	403,400
Contribution to segment results	603	24,276	62,037	3,082	89,998
Other income/(charges)	(4,416)	107,660	(34,614)	(26,239)	42,391
Unallocated corporate expenses					(19,281)
Operating profit					113,108
Finance costs					(58,302)
Share of results of					
Jointly controlled entities	527	–	–	(6)	521
Associated companies	(5,874)	16,382	–	(375)	10,133
Profit before income tax					65,460
Income tax expense					(20,322)
Profit for the period					45,138
Geographical segments					
	Segment revenue		Operating profit		
	Six months ended 30th September		Six months ended 30th September		
	2006	2005	2006	2005	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Hong Kong	368,512	348,408	111,226	97,739	
Mainland China	4,897	5,050	1,329	1,114	
Canada	59,476	49,942	19,329	14,255	
	432,885	403,400	131,884	113,108	

#### 3. Other income and charges

	Six months ended 30th September 2006	2005
	HK\$'000	HK\$'000
Surplus on revaluation of investment properties	94,280	97,807
Write-back of provision for diminution in value of completed properties held for sale	–	9,880
Net fair value losses on financial assets at fair value through profit or loss	(22,730)	(24,630)
Depreciation	(24,489)	(25,223)
Amortisation of leasehold land	(14,838)	(14,594)
Provision for doubtful debts	(1,864)	(849)
	30,359	42,391

#### 4. Income and expenses by nature

	Six months ended 30th September 2006	2005
	HK\$'000	HK\$'000
Income		
Interest income	5,404	6,483
Dividends from listed financial assets at fair value through profit or loss	103	1,429
Expenses		
Employee benefit expenses, including Directors' emoluments	51,289	51,034
Net realised losses on financial assets at fair value through profit or loss	–	5,160

**5. Finance costs**

	Six months ended 30th September 2006 HK\$'000	2005 HK\$'000
Interest expense		
Long term bank loans	46,884	49,792
Convertible bonds	8,833	16,787
Convertible notes	2,104	–
Loans from minority shareholders of subsidiaries	2,257	1,788
Short term bank loans and overdrafts	3,591	692
Fair value loss/(gain) on interest rate swaps	8,313	(1,178)
	<u>71,982</u>	<u>67,881</u>
Capitalised as cost of properties under development		
Interest expense	(8,341)	(9,579)
	<u>63,641</u>	<u>58,302</u>

**6. Income tax expense**

	Six months ended 30th September 2006 HK\$'000	2005 HK\$'000
Current income tax		
Hong Kong profits tax	–	–
Overprovision in prior years	2,688	–
Deferred income tax	(23,004)	(20,322)
	<u>(20,316)</u>	<u>(20,322)</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) 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 of jointly controlled entities and associated companies for the six months ended 30th September 2006 of HK\$6,000 (2005: nil) and HK\$3,219,000 (2005: HK\$3,522,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

**7. Dividend**

	Six months ended 30th September 2006 HK\$'000	2005 HK\$'000
Proposed interim dividend of HK0.35 cent (2005: nil) per share	<u>23,947</u>	<u>–</u>

**8. Earnings per share**

The calculation of earnings per share is based on profit attributable to shareholders of the Company of HK\$54,637,000 (2005: HK\$51,967,000) and on the weighted average of 5,076,925,957 (2005: 5,075,999,990) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2006 is based on HK\$56,373,000 equalling to the profit attributable to shareholders of the Company of HK\$54,637,000 plus after tax interest saving of HK\$1,736,000, and 5,309,336,599 shares equivalent to the weighted average number of 5,076,925,957 shares in issue during the period plus 232,410,642 potential shares deemed to be in issue assuming the convertible notes had been converted.

The calculation of diluted earnings per share for the six months ended 30th September 2005 is based on profit attributable to shareholders of the Company of HK\$51,967,000, and 5,088,149,634 shares equalling to the weighted average number of 5,075,999,990 shares in issue during the period plus 12,149,644 potential shares deemed to be in issue assuming the share options had been exercised.

**9. 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\$54,294,000 (31st March 2006: HK\$43,779,000). 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:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
0 day to 60 days	42,942	41,656
61 days to 120 days	4,743	2,001
More than 120 days	6,609	122
	<u>54,294</u>	<u>43,779</u>

**10. 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\$25,178,000 (31st March 2006: HK\$18,407,000).

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

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
0 day to 60 days	24,268	17,309
61 days to 120 days	453	32
More than 120 days	457	1,066
	<u>25,178</u>	<u>18,407</u>

**11. Subsequent event**

In November 2006, the Company offered a rights issue of 1,710,518,044 rights shares of HK\$0.175 each on the basis of one rights share for every three existing shares held. Net proceeds approximately HK\$295,000,000 and were used for repayment of convertible bonds and bank loans of the Group.

**MANAGEMENT DISCUSSION AND ANALYSIS****Results**

The Group recorded a profit attributable to shareholders of HK\$55 million, compared to HK\$52 million profit of last interim period. Turnover amounted to HK\$433 million while last period was HK\$403 million.

The Directors recommend an interim dividend of HK0.35 cent (2005: nil) per share.

**Properties sales, development and leasing**

Turnover from property sales amounted to HK\$56 million, mainly from the sale of 28 Marble Road office and other residential inventory. Sales in last interim period were HK\$54 million. The Group has presold approximately HK\$468 million residential units in the Canaryside project as at the end of the interim period. Revenue and corresponding profit of approximately HK\$110 million from such presale will be recognized in the coming second half of the financial year when the development is completed.

The occupation permit in Ping Shan development of about 43,000 sq. ft. residential GFA was obtained. Combined with Canaryside inventory, further revenue of HK\$650 million is expected upon full sales.

The Group has paid HK\$364 million of land premium for residential development projects in Aberdeen and Castle Peak Road. These two projects, which provide a combined GFA of approximately 350,000 sq. ft., are now in superstructure and foundation construction stage respectively. Presale consent for the Aberdeen project has been applied. Currently the Group has a total GFA of 1 million sq. ft. of properties under development.

Rental income attributable to the Group for both interim periods was approximately HK\$33 million. Average occupancy was 91%.

**Hotel**

Turnover of Hong Kong based hotels increased by more than 20% while profit contribution increased by 40%. Turnover for Empire Landmark Hotel in Vancouver also increased by 30% absorbing exchange rate appreciation effect. Overall, the Hotel group generated 40% increase in gross operating profit to HK\$87 million and a profit to shareholders for the period of HK\$17 million compared to a loss of HK\$25 million of last period.

Net borrowings of the hotel group were down by HK\$335 million to HK\$502 million versus HK\$837 million at last year end date, representing a decrease of 40%.

**Financial review**

At 30th September 2006, the Group's total assets stood at HK\$7.2 billion (31st March 2006: HK\$7.0 billion), and the net assets amounted to HK\$4.3 billion (31st March 2006: HK\$4.1 billion). Adopting market value of hotel properties, the revalued net assets of the Group would be HK\$5.6 billion at 30th September 2006 and HK\$5.4 billion at 31st March 2006.

Net borrowings of HK\$1.9 billion was the same at 30th September 2006 and 31st March 2006, HK\$0.5 billion (31st March 2006: HK\$0.9 billion) belonged to the separately listed hotel group. Net debt to revalued net asset value is approximately 33% (31st March 2006: 34%).

The Group's borrowings are in Hong Kong dollar except the Empire Landmark Hotel in Vancouver which is Canadian dollar denominated. All the debts, except the convertible notes and bonds, were at floating rates. Interest rate swaps totaling HK\$825 million had been contracted as at 30th September 2006. The maturity of our debts spread over a period of up to eleven years, and approximately one-third were repayable after five years.

In November 2006, the Group redeemed all the outstanding convertible bonds issued in 2002.

As at 30th September 2006, assets with an aggregated net book value of HK\$ 5,879 million (31st March 2006: HK\$5,550 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\$229 million (31st March 2006: HK\$141 million).

**Employees and remuneration policies**

As at 30th September 2006, the Group employed 450 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.

**Future prospects**

Hong Kong economy performed very well during the first 3 quarters of 2006, as partly indicated by the declining unemployment rate, better than expected GDP growth, and increasing number of arrivals to the territory over the corresponding period of last year.

Land auction results were higher than expected. We believe the residential housing market will continue to prosper as a result of rising income, improved job prospect, low mortgage rates and higher affordability ratio.

Emergence of a huge Chinese economy has reinforced Hong Kong as a business hub in the region, producing multiple effects such as a more robust capital market activities and inflow of multinational professionals practices and financial medium which give rise to demand for offices and housing.

Management is identifying opportunities in both Macau and Mainland China, it is also investigating the redevelopment opportunities of the Group's investment property portfolio.

**Interim dividend**

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on 16th January 2007 ("Record Date") interim dividend of HK0.35 cent (2005: nil) per share.

The Board of Directors has also resolved that 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 such dividend ("Scrip Dividend Scheme"). The market value of the new shares to be issued under the Scrip Dividend Scheme will be fixed by reference to the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited for the five consecutive trading days up to and including the Record Date. Full details of the Scrip Dividend Scheme will be set out in a circular to the Shareholders. New share certificates will be posted on or about 14 February 2007.

**Closure of Register of Members**

The Register of Members will be closed from 12th January 2007 to 16th January 2007, 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 17th floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 11th January 2007.

**Purchase, sale or redemption of listed securities**

During the period, 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 period, the Company has complied with the Code Provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("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 of the Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

**Audit Committee**

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

The unaudited accounts of the Group for the six months ended 30th September 2006 have been reviewed by the Audit Committee.

**Disclosure of information on the Stock Exchange's website**

An interim results of the Group for the six months ended 30th September 2006 containing all the information required by paragraph 46 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

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

Hong Kong, 15th December 2006

As at the date of this announcement, the Board of Directors comprises Mr. Fung Siu To, Clement, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan, Mr. Kwan Po Lam, Phileas and Mr. Loup, Nicholas James as executive Directors, Mr. Liang Shangli and Mr. Au Yat Chuen, Raymond 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.